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REPORT
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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 1991

JUNE 21, 1990.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. OBEY, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 5114]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1991 and for other purposes.

INDEX TO BILL AND REPORT

	Page Bill	Page Report
Summary of bill:		
Summary Chart		4
Summary of Totals		5
Changes In The World		5
Committee Recommendations		7
Five Year Agenda		18
Items of special interest:		
International Debt Crisis		20
Human Rights		26
Assistance For Children		26
Africa		28
Base Rights		29
Central America		33
Illicit Drug Control		35
Middle East Peace Process		37
Environmental Priorities		38
U.S. Hostages in the Middle East		45
U.S. Policy toward:		
China		46
Egypt		46

31-461

H183-5

	Page Bill	Page Report
El Salvador		48
Ghana		51
Haiti		51
Liberia		51
Morocco		52
Mozambique		52
Philippines		53
Somalia		54
Sudan		55
Tunisia		56
Zaire		56
Title I—Multilateral economic assistance:		
International Financial Institutions Summary		58
International Bank for Reconstruction and Development (IBRD)		62
International Development Association (IDA)	2	63
International Finance Corporation (IFC)	3	65
Inter-American Development Bank (IDB)	3	65
Asian Development Fund (ADF)	4	67
African Development Fund (AFDF)	4	68
African Development Bank (AFDB)	5	69
Enhanced Structural Adjustment Facility (ESAF)	6	70
Contribution To European Bank For Reconstruction And Development	5	70
International Organizations and Programs	6	72
Title II—Bilateral economic assistance:		
Agency for International Development		78
Development Assistance:		
Agriculture, Rural Development, and Nutrition	8	78
Population	9	80
Health	10	81
International AIDS Prevention and Control	10	82
Child Survival Activities	11	82
Education and Human Resources	11	83
Private Sector, Environment and Energy	11	85
Science and Technology	12	87
Development Policy Reform Program		88
Private Sector Revolving Fund		88
Sub-Saharan Africa	12	88
Assistance for Displaced Children	13	92
Victims of War	14	93
Micro-enterprise		93
Women in Development	14	94
Private and Voluntary Organizations	15	95
Zaire	13	96
Children In Cambodia	14	96
Caribbean Countries	14	97
Appropriate Technology	16	97
American Schools and Hospitals Abroad	16	97
International Disaster Assistance	16	99
Payment to the Foreign Service Retirement and Disability Fund	17	99
AID Operating Expenses	17	99
Operating Expenses of the Agency for International Development Office of the Inspector General	17	102
Housing and Other Credit Guaranty Programs	18	103
Economic Support Assistance	19	103
International Fund For Ireland	22	108
Multilateral Assistance Initiative (Philippines)	23	109
Eastern Europe Assistance	23	109

	Page Bill	Page Report
Independent Agencies:		
African Development Foundation	25	114
Inter-American Foundation	26	114
Overseas Private Investment Corporation	26	114
Peace Corps	26	115
Department of State:		
International Narcotics Control	27	115
Migration and Refugee Assistance	27	115
Emergency Refugee Assistance and Migration	29	118
Anti-Terrorism Assistance	29	118
Title III—Military Assistance:		
International Military Education and Training	30	119
Foreign Military Financing Program	30	120
Foreign Military Sales Debt Reform	34	120
Guaranty Reserve Fund	34	123
Special Defense Acquisition Fund	36	123
Peacekeeping Operations	36	123
Title IV—Export Assistance:		
Export-Import Bank of the United States	36	125
Limitation on Program Activity	37	125
Limitation on Administrative Expenses	38	125
Trade and Development Program	39	126
Trade Credit Insurance Program	39	126
Title V—General Provisions	40	128
Miscellaneous Information:		
Comparison with budget resolution		135
Five-year projection of outlays		136
Assistance to State and local governments		136
Transfer of funds		136
Inflationary impact statement		136
Changes in the application of existing law		137
Comparative Chart		148

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1991--Continued

Agency and item	New budget (obligational) authority appropriated, 1990 (enacted to date)	Budget estimates of new (obligational) authority, 1991	New budget (obligational) authority recommended in bill	Bill compared with new budget (obligational) authority, 1990	Bill compared with budget estimates of new (obligational) authority, 1991
(1)	(2)	(3)	(4)	(5)	(6)
TITLE I - MULTILATERAL ECONOMIC ASSISTANCE					
Contributions to International Financial Institutions	1,608,587,696	1,816,891,137	1,685,890,473	+77,302,777	-131,000,664
International organizations and programs	260,695,005	225,000,000	268,750,000	+8,054,995	+43,750,000
Total, contribution for Multilateral Economic Assistance	1,869,282,701	2,041,891,137	1,954,640,473	+85,357,772	-87,250,664
TITLE II - BILATERAL ECONOMIC ASSISTANCE					
Bilateral Development Assistance	3,289,896,364	3,271,695,000	3,661,082,000	+371,185,636	+389,387,000
Economic Support Fund/Special Assistance Initiatives	4,093,299,500	3,987,979,400	4,072,675,000	-20,624,500	+84,695,600
Total, Bilateral Economic Assistance	7,383,195,864	7,259,674,400	7,733,757,000	+350,561,136	+474,082,600
TITLE III - MILITARY ASSISTANCE					
Military Assistance	38,832,300	28,000,000	27,920,800	-10,911,500	-79,200
Foreign Military Credit Sales	4,664,347,256	4,988,900,000	4,607,000,000	-57,347,256	-381,900,000
Other	923,977,159	670,361,000	667,057,000	-256,920,159	-3,304,000
Total, Military Assistance Programs	5,627,156,715	5,687,261,000	5,301,977,800	-325,178,915	-385,283,200
TITLE IV - EXPORT ASSISTANCE					
Budget authority effect of Ex-Im limitations	613,355,500	500,000,000	750,000,000	+137,644,500	+250,000,000
Other	31,499,400	30,000,000	35,000,000	+3,500,600	+5,000,000
Total, Export Assistance	643,854,900	530,000,000	785,000,000	+141,145,100	+255,000,000
Total, all titles	15,523,490,180	15,518,826,537	15,775,375,273	+251,885,093	+256,548,736

Summary of the Totals of the Bill

The Committee recommends a net total of $15,775,375,273 in new budget authority.

Highlights of the bill include the following:

Multilateral economic assistance	$1,954,640,473
Bilateral economic assistance	7,733,757,000
Military assistance	5,301,977,800
Export assistance	785,000,000
Total	15,775,375,273

Changes In The World

Dramatic political, military and economic changes have swept the world since Congress passed the last Foreign Operations, Export Financing, and Related Programs appropriations bill.

Those changes dwarf all others which have occurred since the end of World War II. They have radically altered international military, economic and political realities and will continue to do so for years to come. The most dramatic change has occurred in the Soviet Union and Eastern Europe, but change has not been confined to those areas. We have also seen the removal of Soviet troops from Afghanistan, Vietnamese troops from Cambodia, and Cuban troops from Angola.

The West has won the Cold War, and we have a right to say so! Democratic and non-communist reform movements are on the rise. The move toward market economies and away from centrally planned ones has accelerated.

The Soviet Union's decision to drop the reins on its Eastern European satellites has brought changes in those countries that international experts never imagined possible even eighteen months ago. Democratic and reform minded regimes have emerged in Poland, Hungary and Czechoslovakia. Communist dictatorships have been replaced in Romania and Bulgaria—although with less heartening results than elsewhere.

The Soviet Union is now facing severe political and economic problems both internally and externally. The Baltic states and many of the Soviet republics are clamoring for both greater political freedom and market oriented economic reforms. Indeed, this extraordinary demand for change brings into question the very nature and future of that country.

Democratic victories and movements have also emerged in Nicaragua, Panama, and Namibia and there have been democratic stirrings in Mongolia. In China, the government has outrageously and violently cracked down on popular and student demonstrations calling for democratic and free market reforms.

The Current Situation

These changes bring this Committee and the Congress face to face with the responsibility to reshape our foreign assistance budget in a way which responds to new and emerging realities; but the fiscal year 1991 Administration budget request largely ignores the enormous changes that continue to occur. With the exception of a modest request for funds with which to respond to the changed

needs of Eastern Europe, the Administration has proposed virtually no foreign assistance changes to address the new challenges and opportunities which confront us.

In a very real sense the Administration's foreign aid budget request is a "sleepwalkers" budget. It reflects a lack of creativity and a hesitancy to move away from habitual and outmoded thinking on the question of what really constitutes national security in the new world. It refuses to shift resources to begin to address the realities of today; in fact, its only significant response is to call for an increase in military aid—an especially inappropriate response to the new realities that confront us.

The Administration itself has admitted as much in testimony before the Committee. The Administration's budget submission is largely a marginal adjustment to the prior year budget request. The Secretary of State has testified forthrightly that it was prepared before many of the world changes were consummated. Administration officials also have stated their intention to fully reconsider the foreign assistance program in the fiscal year 1992 budget formulation process. For Congress to wait another year before it begins—however marginally—the process of adjusting to change would simply be a waste of taxpayers' money, and it would miss important opportunities.

The Administration's budget request inexplicably includes an increase of $324,552,744 for the Foreign Military Financing Program. It also proposes to turn that program entirely into grants precisely when those military requests are being outstripped by political and economic realities.

In its defense budget, the Administration has not hesitated to request the spending of another $140,000,000,000 to militarily defend Europe, but it shrinks at the prospect of investing a tiny fraction of that amount in Eastern Europe—an investment that could save us billions in defense expenditures by solidifying and stabilizing the transition of Eastern Europe to democratic societies with market economies, shattering the Soviet military alliance in the process.

The Administration's budget request also cuts funding for UNICEF, for the Development Fund for Africa, for Health and AIDS development assistance, and for the United Nations Environment Fund, all areas which need additional resources to attack the unspeakable deprivation confronting millions of vulnerable "at risk" third world children and the unparalleled environmental threat to the planet which sustains us all.

For the sixth straight year our trade deficit is in excess of $100,000,000,000. Yet, the Administration budget request cuts the Export-Import Bank direct credit program by 18 percent and eliminates the interest equalization program designed to create a level playing field for American workers and companies.

The Committee is painfully aware of the limits to what it can achieve in redirecting the United States foreign assistance programs through Congressional action on a single year's budget request. Several years will be required to achieve the necessary change in direction and will require that the Administration work cooperatively with the authorization Committees in developing new legislation that adequately reflects new foreign policy goals and priorities.

The Committee has included a "Five Year Agenda" later in this report in an attempt to make clear that this fiscal year 1991 bill is just the first year's down payment on that long-term change.

The Committee understands that this is still a dangerous world. Security threats still exist. The present confrontation between India and Pakistan, the continued possession of large numbers of nuclear weapons by the world superpowers, the Iraqi military build-up and proliferation of missile technology, chemical weapons and nuclear capability are of continuing concern. The Committee also understands that longstanding relationships between countries and allies cannot be adjusted unilaterally or overnight, but that process must begin now and it must be reflected in this bill.

COMMITTEE RECOMMENDATIONS

The Committee recommends fiscal year 1991 funding for foreign assistance, export financing and related programs totalling $15,775,375,273, an increase of $256,548,736 above the President's request, and an increase of $251,885,093 above the fiscal year 1990 total.

The Committee recommends significant funding increases in assistance to Africa, Eastern Europe, and export and trade related programs. The Committee also recommends increases in funding for programs related to children, the environment, refugees, and population. The Committee recommends a cut in the Foreign Military Financing Program.

The Committee recommends $800,000,000 for sub-Saharan Africa Development Assistance, an increase of $228,000,000 above the fiscal year 1990 level. The President's request proposed cutting this program $11,323,500 below the fiscal year 1990 level. The Committee recommendation increases funding for this program $239,500,000 above the President's request.

The Committee recommends $488,695,600 for programs for Eastern Europe including $70,020,600 in paid-in capital for the European Bank for Reconstruction and Development, an increase of approximately $188,695,600 above the fiscal year 1990 level. The Committee recommends additional funding and credit authority related to the Eastern European situation in the Peace Corps, the Trade and Development Program, the Overseas Private Investment Corporation, the Trade Credit Insurance Program, the International Finance Corporation, and the Export-Import Bank. The President's request for Eastern European programs is $300,000,000, approximately equal to the fiscal year 1990 grant funding level. The Committee recommendation increases grant funding for Eastern Europe approximately $188,695,600 above the President's request.

The Committee also recommends increased funding for a number of other health and development related programs:

—Funding for UNICEF is recommended at $75,000,000, an increase of $10,650,000 above the fiscal year 1990 level. The President's request proposed cutting UNICEF by $14,350,000 from the fiscal year 1990 level for a total of $50,000,000. The Committee recommendation is $25,000,000 above the President's request.

—Funding for the Child Survival Fund is recommended at $100,000,000, an increase of $29,305,300 above the fiscal year 1990 level. The President's request proposed increased funding of $3,843,300 for a total of $74,538,000. The Committee recommendation is $25,462,000 above the President's request.

—Funding for the International AIDS Prevention and Control Program is recommended at $52,000,000, an increase of $10,760,760 above the fiscal year 1990 level. The President's request proposed cutting $3,039,240 from the fiscal year 1990 level for a total of $38,200,000. The Committee recommendation is $13,800,000 above the President's request.

—Funding for Population, Development Assistance is recommended at $250,000,000, an increase of $33,829,096 above the fiscal year 1990 level. Additionally, approximately $75,000,000 of the funds recommended for sub-Saharan assistance will be used for population programs. The President's request proposed cutting $22,979,904 from the fiscal year 1990 level for a total of $193,191,000. The Committee recommendation is $56,809,000 above the President's request.

—Funding for the United Nations Environment Program is recommended at $15,800,000, an increase $3,993,000 above the fiscal year 1990 level. Additionally, the Committee recommends funding of $10,000,000 for Montreal Protocol programs related to depletion of the ozone layer. The President's request proposed cutting $1,807,000 from the fiscal year 1990 UNEP level for a total of $10,000,000. The Committee recommendation is $5,800,000 above the President's request.

—Funding for Refugees is increased by $45,000,000 above the President's request. The Migration and Refugee account is funded at $485,648,000, up $35,000,000 from the request. The Emergency Refugee and Migration Fund is funded at $35,000,000, up $10,000,000 from the request.

The Committee recommends a limitation of $750,000,000 on the direct loans of the Export-Import Bank, an increase of $137,644,500 above the fiscal year 1990 level. The President's request proposed cutting the direct loan level $112,355,500 from the fiscal year 1990 level. The Committee recommendation for direct loans is $250,000,000 above the President's request.

The Committee also recommends an Interest Equalization Program level of $8,000,000 and a tied-aid war chest program level of $150,000,000 both of which are limited by the direct loan ceiling. The Committee was unable to provide more for the IEP program due to its guaranteed loan credit ceiling. The Committee recommends a limitation on guaranteed loans of $10,599,064,000, an increase of $407,656,200 above the fiscal year 1990 level and the same level as the President's request.

In the area of security related economic assistance programs, including the Economic Support Fund, the Multilateral Assistance Initiative for the Philippines, the Special Assistance Initiative for Eastern Europe, and the Fund for Ireland, the Committee recommended a total of $4,072,675,000, an increase of $84,695,600 above the President's request for these same programs. The Committee recommendations provide $188,695,600 more than the President's request for the Eastern Europe program, $40,000,000 less than the

President's request for the MAI, $20,000,000 for the Fund for Ireland which was not included in the President's request and $84,000,000 less than the President's request for the Economic Support Fund.

The Committee recommends $4,634,920,800 for military procurement, a cut of $192,721,256 below the fiscal year 1990 level. The President's request proposed an increase of $324,552,744 above the fiscal year 1990 level for the Foreign Military Financing Program, and within that total it proposed an all grant program. The Committee recommends that the loan portion of the program total $405,000,000, a decrease of $1,000,000 from the fiscal year 1990 level. The Committee also recommends limiting amounts provided to the base rights countries of Turkey, Greece and Portugal.

In responding to the repeated calls of the Administration for greater flexibility, the Committee refrained as much as possible from the practice of earmarking. Earmarks have been limited to those for Israel, Egypt, Jordan, the West Bank and Gaza, and Cyprus. The Committee also refrained from earmarking funds for individual programs in the Eastern European program in order to provide both the Administration and the Eastern European countries as much flexibility as possible for adjusting to often rapidly changing circumstances.

Effect of Sequestration

The Committee recommendations produce the best foreign assistance bill that can be provided based on the original economic assumptions of the Administration budget as reflected in the Budget Resolution passed by the House. Nevertheless, it should be clearly understood that if agreement is not reached at the budget summit, foreign assistance will experience the same kind of cutbacks that will befall domestic programs under sequestration.

Possible sequestration cutbacks have been estimated as high as 30 percent, however, for the purpose of illustrating the effect of a deep sequestration cut, a 20 percent estimated level has been used by the Committee.

A 20 percent sequestration level means that the total discretionary budget authority in the bill would be cut from $15,099,973,273 to approximately $12,941,000,000. The Foreign Military Financing Program would be cut from $4,634,920,000 to $4,000,000,017. Assistance for Camp David countries would be cut from $5,115,000,000 to $4,463,000,000. Humanitarian programs would also be cut deeply, for example: UNICEF would be cut by $11,000,000, Refugee programs would be cut by $92,000,000, the Child Survival Program would be cut by $15,000,000. The Export-Import Bank direct credit program would be cut by $127,000,000.

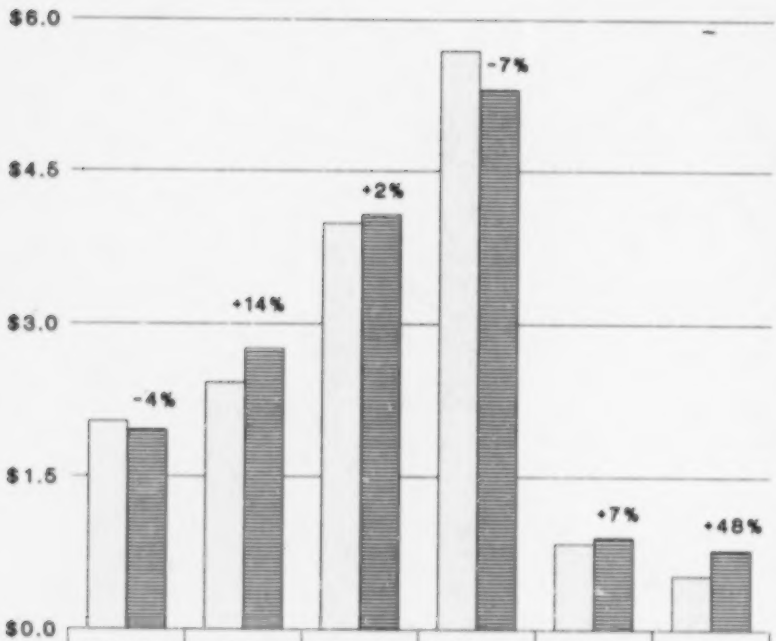
The Committee urges the Administration to present a budget at the summit which will realistically, honestly, and fairly address the deficit problem before us.

If they do, they can count on our support. If they do not, the consequences are obvious, as this report shows above, for the programs in this bill, many of which are crucial for the Nation's long-term strategy.

COMMITTEE RECOMMENDATIONS IN CONTEXT

The Committee recommends a modest reordering of the foreign aid program for fiscal year 1991. It is taking the first step in accomplishing that task and it is pointing the way in which it believes these programs should change in the future. Figure 1 below compares the recommendations of the Committee for fiscal year 1991 with the request put forward by the President.

FIGURE 1
THE 1991 BILL IN BRIEF
AS REQUESTED AND AS RECOMMENDED



	IFI/IOP	AID	ESF/SAI	MILITARY	OTHER	EXPORT
Requested	$2.0	$2.4	$4.0	$5.7	$0.8	$0.5
Recommended	$2.0	$2.8	$4.1	$5.3	$0.9	$0.8

(in billions)

Requested Recommended

Other: State Department and independent agencies (ADF, IAF and the Peace Corps).

FISCAL YEAR 1991 PROGRAM CHANGE

Figure 1 breaks down the foreign aid bill by major programs. As can be seen, the largest increase in percentage terms that the Committee recommends is for export promotion activities. The President recommended $530,000,000 for these programs in his budget. The Committee is recommending $785,000,000.

The Committee believes too little attention has been paid during the last decade to trade promotion. With the collapse of the Soviet empire and the movement toward economic integration in Europe, it is imperative for the United States to recognize that the challenge posed by the threat of nuclear war is slowly giving way to a world in which the United States is forced to compete with friends and allies for new and expanding markets.

The second largest increase in percentage terms and the largest increase in dollar terms which the Committee is recommending is for programs and activities managed by the Agency for International Development (AID). The recommendation for AID is 14 percent higher than the President requested. This reflects the decision of the Committee to substantially increase funding for sub-Saharan Africa, international family planning, and programs and activities that benefit children and the disadvantaged. Foreign aid has always been motivated in part by American humanitarian instincts, and the Committee believes that these increases are well justified.

The Committee is also recommending increases in funding for refugee programs, for the Peace Corps and for the African and Inter-American Development Foundations. These increases are reflected in the category labeled "Other".

Funding for the Economic Support Fund and related programs would also increase under the bill the Committee is recommending, largely to accommodate increased assistance for Eastern Europe. Funding for the multilateral development banks is slightly below the amounts recommended by the President. Funding for the International Organizations and Programs account is above the Administration's request.

To fund the increases noted above, the Committee has had little choice but to reduce military assistance. The recommendation is seven percent below the amount proposed by the President. However, the President had proposed approximately a four percent increase from fiscal year 1990 (excluding the Guaranty Reserve Fund and Peacekeeping Operations). The Committee recommends a four percent decrease from fiscal year 1990. These cuts in the President's request are primarily for base rights countries such as Greece, Portugal and Turkey.

The Committee notes that it is impossible to fund increases for Eastern Europe and Africa and to hold funding for other regions like the Middle East harmless without reducing military aid. Further, the Committee notes that the military funding in the bill has increased substantially faster than humanitarian and developmental programs during the last decade.

CHANGES OVER THE PAST DECADE

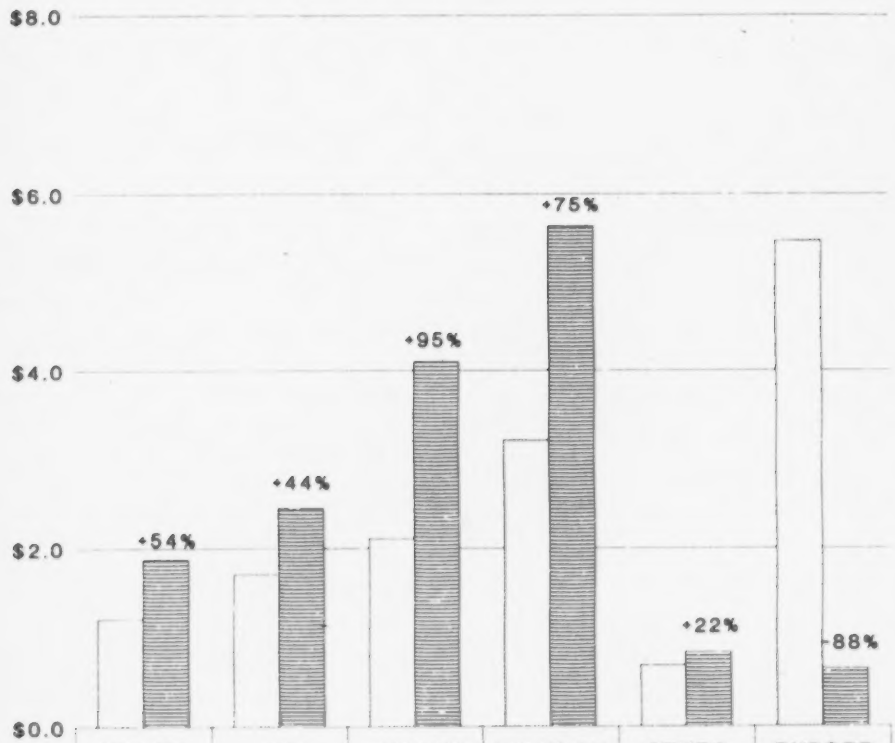
Like any program, the goals and objectives of the foreign aid program have changed over the course of the last four decades. The early focus of the program on reconstruction in Europe shifted in the 1950s and 1960s to containing communism in the Third World. In the 1970s, troubled by our involvement in Vietnam, Congress put forward what was then known as the new directions mandate for foreign aid.

The 1980s have brought changes to the foreign aid program as well. Consequently, merely looking at the numbers recommended in this bill and comparing them to the request put forward by the President as has been done in Figure 1 provides little context for the changes the Committee recommends.

As noted, the changes the Committee recommends in the President's budget request are modest. However, they represent the first installment in what the Committee believes should be a five-year reordering of the foreign aid program.

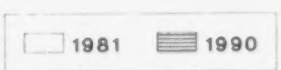
In order to show how changes made from one year to the next can have an impact on the shape of the program over time, Figures 2 and 3 are included below. They compare changes in foreign aid trends over the last decade using the same programmatic categories that were used in Figure 1.

FIGURE 2
FOREIGN AID TRENDS BY PROGRAM
FISCAL YEARS 1981 AND 1990 COMPARED



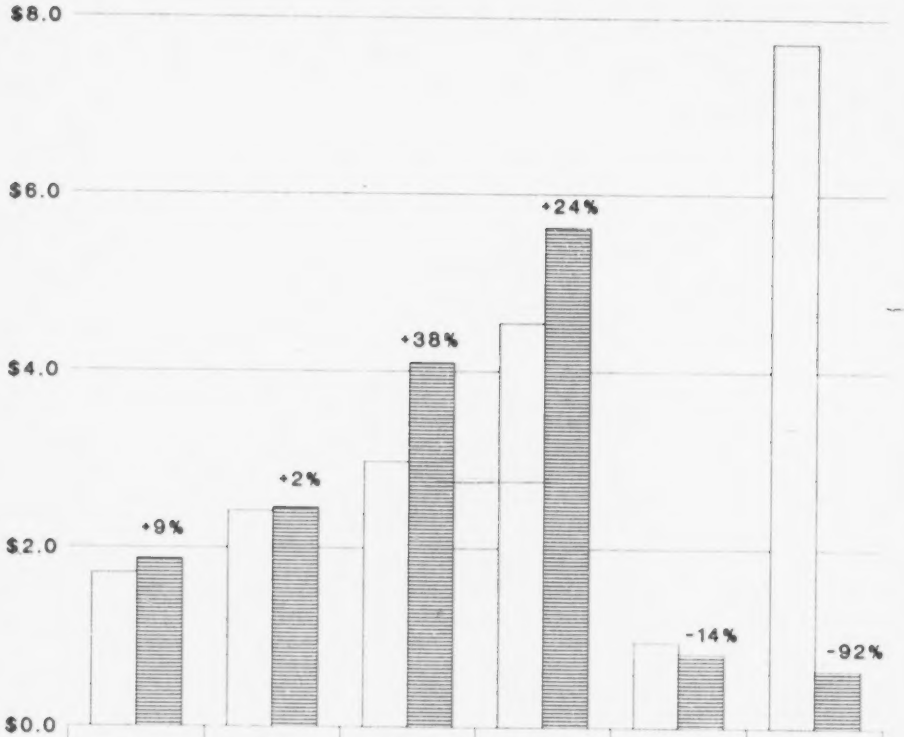
	IFI/IOP	AID	ESF/SAI	MILITARY	OTHER	EXPORT
1981	$1.2	$1.7	$2.1	$3.2	$0.7	$5.5
1990	$1.9	$2.5	$4.1	$5.6	$0.8	$0.6

(in billions of nominal dollars)



Other: State Department and independent agencies (ADF, IAF and the Peace Corps).

FIGURE 3
FOREIGN AID TRENDS BY PROGRAM
FISCAL YEARS 1981 AND 1990 COMPARED



	IFI/IOP	AID	ESF/SAI	MILITARY	OTHER	EXPORT
1981	$1.7	$2.4	$3.0	$4.5	$1.0	$7.7
1990	$1.9	$2.5	$4.1	$5.6	$0.8	$0.6

(in billions of constant 1990 dollars)

1981 1990

Other: State Department and independent agencies (ADF, IAF and the Peace Corps).

Figure 2 shows the changes that have taken place over the last decade in nominal dollar terms. In these terms, most foreign aid programs increased over the last decade.

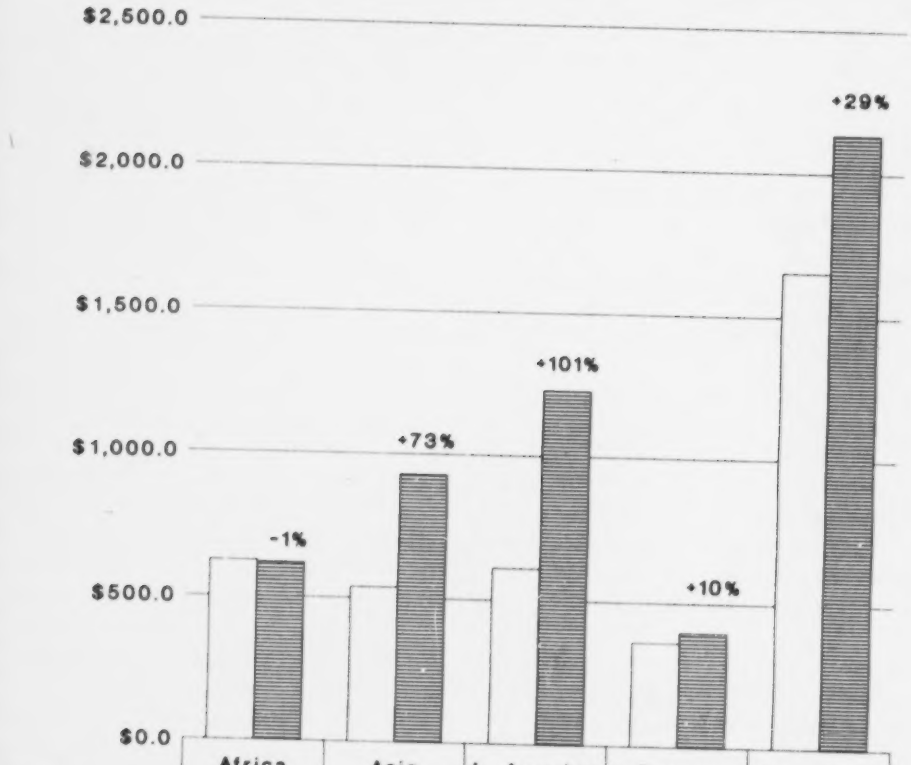
To be sure, some programs increased much more rapidly. In particular, military aid increased 75 percent and the Economic Support Fund increased by 95 percent. These two programs, which are often referred to collectively as security assistance, were the main beneficiaries of growth in the foreign aid program during the last decade. Other programs also increased but at a much slower rate. The only notable exception was funding for export promotion programs, which declined dramatically.

REAL GROWTH COMPARISONS

However, Figure 2 above presents an incomplete picture because it assumes that the value of the dollar in 1990 is the same as it was in 1981. When inflation is taken into account, a somewhat different picture emerges. Figure 3 makes clear that only security assistance—military aid and the Economic Support Fund—experienced substantial growth in real terms over the last decade. Funding for State Department (included in the "Other" category) programs and the Export-Import Bank declined. Funding for bilateral development assistance was barely able to hold its own while funding for multilateral development assistance increased modestly.

As should be obvious, the last decade has also brought change in the regional distribution of United States bilateral assistance. Figure 4 below looks at just one portion of the foreign aid program—bilateral development and economic support assistance provided by AID to different regions of the world. It compares the actual allocation of bilateral economic aid during the first full year of the Reagan Administration with the allocation proposed by President Bush in his first formal budget request to Congress.

FIGURE 4
U.S. ECONOMIC AID BY REGION
FISCAL YEARS 1982 AND 1991 COMPARED



	Africa	Asia	L. America	Europe	Near East
1982 Actual	$623.7	$537.4	$609.7	$362.0	$1,653.0
1991 Estimate	$616.6	$928.2	$1,226.5	$398.0	$2,133.7

(in millions of nominal dollars)

1982 Actual 1991 Estimate

AID development and ESF/SAI obligations

COMPARISON BY REGION

Figure 4 demonstrates that funding provided directly by the United States to some regions has increased much more rapidly than for others. In particular, bilateral economic funding for Africa would be lower under the budget request submitted by President Bush than during the first full year of the Reagan Administration. While funding for Europe would be somewhat higher, the increase is much more modest than for other regions.

FIVE YEAR AGENDA

During the last several years, frustration has been expressed by the authorizing committees of Congress and the Administration over various aspects of the foreign assistance program. Many groups examined these programs and made recommendations about how they might be changed to achieve specific goals. Nevertheless, as yet no significant redirection of the foreign assistance program has been signed into law.

The Administration needs to fully reconsider the foreign assistance program in light of the proposals which have been put forth. By next year, the Administration needs to have defined five and ten year foreign policy goals for each region and for individual countries in each region. The Administration further needs to develop methods to measure progress toward those goals in order to have the ability to judge the success or failure of their policies. The Administration also needs to develop five and ten year goals, and methods of measuring the achievement of those goals, for each of the problems that individual foreign assistance programs are suppose to attack.

The Committee hearings this year were clustered around certain issues which the Committee believes should represent the basic goals of the foreign assistance program. The Committee believes that the Administration should closely examine how the foreign assistance program should be used:

—to promote the American values of human freedom, individual liberty, and provide the practical opportunity for individual human beings to reach their full potential and to improve their lives.

—to promote economic policies in developing countries and in industrialized countries which provide balanced and environmentally sustainable economic growth.

—to promote political stability throughout the world. The United States cannot survive as an island of stability in a maelstrom. Our neighbors in the Western Hemisphere and countries in other regions must also be stable.

The Committee believes that the Administration should examine how the program can be used best to assist the most vulnerable in the world—our children. Finally, the Administration should examine how the program can address development of the United States itself by supporting the development of markets for our exports and ensuring that American exporters are not faced with unfair competition.

What is crucial is not the quantity of money in the American foreign assistance program.

What is crucial is the quality of the leadership which America provides the world.

The Committee believes that because of the dramatic changes in the world, security assistance levels will have to be reduced. This reduction must be significant and reasonably paced. The Committee believes that the United States should stop paying for access and use of overseas military facilities. American military facilities should be viewed by host countries as in their regional and individual interest. We should not remain where we are unwanted. Where facilities serve regional needs, other industrialized nations in the region should contribute to the burden of providing security for that region.

The Committee supports the provision of greater flexibility in the foreign assistance program tempered with the corresponding requirement for meaningful Executive Branch consultation. The Committee believes that flexibility is a two-way street. The Committee is tired of having the flexibility of the Congress limited by practices which create financial obligations on aid recipients which can only be met through future appropriations. The practice of writing contracts in anticipation of continuing to receive the same or increased foreign assistance levels must be limited.

The Committee believes that the United States needs to temper its natural tendency to act unilaterally in order to strengthen both world-wide and regional international institutions. Ultimately, we can be more effective if we convince others to share our values and to act in unison. In many instances—one clearly being environmental concerns—unilateral attempts to address international issues make no sense at all.

All recipients of foreign assistance need to understand that the program has no entitlements. Assistance is provided in the context of the policies of the recipient countries that justify that aid. The Committee has a right to expect that within five years the Arabs, the Palestinians, and Israel will have taken steps sufficient to serve as the basis for a lasting and just peace that guarantees the security of Israel and the legitimate rights of the Palestinian people. The Committee supports the efforts of the Administration aimed at achieving that result.

Resolution of the Middle East problems simply must occur because the resources currently applied to policy in this region are needed to address other human needs.

Africa contains many of the poorest nations of the world and economic and political progress there has been haphazard at best. African developmental needs must be given far higher priority. The industrialized world cannot continue to fail to focus its energies, intellect and resources in such a way as to improve the living conditions of the African people.

Our own hemisphere has problems which demand resolution. The international debt crisis requires greater policy attention. The United States cannot continue indefinitely carrying bad loans on its books at full value and pretending that current rescheduling practices are doing anything other than putting off honest financial reporting practices. New policies must address the absurd situation whereby increasing amounts of foreign economic grant aid are being used to repay the United States for prior year

loans, rather than being invested in the solution of developmental problems.

Population growth rates must be addressed more effectively through population programs. Unbridled population growth can exhaust natural resources and can outstrip the capacities of countries to provide even the most basic human needs for their people. Without effective population programs, money spent on other developmental programs will be wasted on the hopeless task of trying to slow the rate of decline of nations in which population growth outstrips economic growth.

ITEMS OF SPECIAL INTEREST

International Debt Crisis

American taxpayers will be paying for the savings and loan financial crisis for decades to come. Estimates of total losses in the "Savings and Loan Crisis" continue to rise from an initial report of $50,000,000,000 in long term borrowing to more than $300,000,000,000 in interest and principal costs to the taxpayers over the next ten years.

The "Savings and Loan Crisis" should teach American taxpayers at least one thing—that it is stupid to pretend that bad debts are really collectable. The multi-year delay in recognizing that a large number of saving and loan institutions needed to be closed, because many of the debts owed them were uncollectible, resulted in throwing good money after bad. It allowed bad debts to pile higher, and increased taxpayer costs substantially. One of the major reasons this happened was that regulating agencies were stripped of auditors and investigators necessary to keep track of the non-performance of individual savings and loans. There is no such excuse in the case of international debt. The problem is visible to anyone who wants to look.

There is a similar financial problem at the Export-Import Bank. The General Accounting Office refused to grant an accounting letter of approval following each of its financial audits of the Bank since the mid 1980's. The Bank was refusing to create a loan loss reserve to cover an estimated value for its bad loans. The Committee each year in hearings badgered Bank officials about this problem. Finally, the new chairman of the Bank, took action. The Bank created a loan loss reserve totalling $4,800,000,000 recognizing publicly in its financial reports for the first time that it was unlikely that many of its loans were in fact fully collectable. Today, however, the Bank still maintains the financial fiction that even very old bad loans, including those to previous governments in China and Cuba, will be collected. Further, the Administration continues to refuse to deal with the fact that the Export-Import Bank has negative value—meaning that if it stopped lending tomorrow and collected what loans it could, the result would be significant financial losses.

Public attention was first focused on the inability of foreign governments to repay their creditors in 1982 when Mexico announced that it could no longer meet its external debt payments. Since that time, the international debt crisis has shifted its focus several

times. The initial primary focus was on foreign government economic adjustment activities. The second focus was on attempting to help debtor countries to grow out of their debt repayment difficulties utilizing new lending and policy reform. Finally, the focus shifted to recognize that debt reduction was indeed required as one of a number of actions that had to be included in debt negotiations aimed at returning bankrupt countries to solvency.

Debts owed to the United States government by foreign governments represent an area where shenanigans in financial reporting often mislead people into believing that these debts can and will be repaid in full. Here again, we have a situation where the pretense of the possibility of debt repayment in full is maintained. This pretense again results in the financial reporting of asset values which highly misrepresent the real value of these loans and fail to reflect the substantial risk that they will not be collected.

While some limited debt reduction actions have been taken by commercial creditors in the context of "Brady Plan" debt negotiations, creditor governments holding "official bilateral debt" have largely avoided facing debt reduction in a straight-forward manner by corrupting the "Paris Club" process.

The United States government and other creditor governments have a practice of going to meetings, commonly referred to as "Paris Club" meetings, in order to deal with foreign governments in default on their loan repayments. These defaulting governments often are in default to commercial bankers and international financial institutions as well.

Before being invited to attend a "Paris Club" meeting, a defaulting country must negotiate an economic reform program with the International Monetary Fund in order to credibly promise to work itself out of its economic crisis. Then, lending governments reach agreement on how they will change the terms and conditions of their loans in similar ways in order to allow the defaulting country sufficient breathing room and time to work out its financial liquidity problems. This process works well enough when a country's economic problems are relatively small, when political instability or extreme poverty do not complicate the situation, and when the IMF agreement is well designed.

In many cases, however, what has happened is that debtor countries have signed highly unrealistic IMF agreements allowing them to receive IMF loans and reschedule their bilateral debts at the Paris Club only later to begin the process all over again when their ability to repay did not improve.

The "Paris Club" has gone from addressing short term country liquidity problems to having country debtors and creditors conspire to increase long term official debt by rescheduling current debt which cannot be repaid and pushing its payment into the future. Due to compounding multi-layered interest rates, interest capitalization, and the continued lack of improved ability to pay, countries are even less likely to be able to repay in the future.

Lending governments, including the United States, have been only too willing to go along with this charade, indeed, to insist on it, precisely in order to avoid admitting that they in fact have enormous amounts of uncollectible international debts.

The management of the international debt crisis has left the superficial appearance that there is marginal improvement. The focus of the debt crisis has shifted from a banking crisis, which threatened the international banking system, into a debtor country crisis that people find easier to ignore. Since 1982, the ability of commercial banks to withstand losses on their bad international loans has improved, but there is little evidence to suggest that debtor countries have improved their ability to repay. Their attempts at increasing exports and cutting imports in order to improve their capacity to repay has had negative effects on farm and merchandise exports.

The use of the international financial institutions to provide lending in the context of international debt agreements, coupled with the virtual cessation of commercial bank lending to many debtor governments, has resulted in the burdens and the risks of the debt crisis increasingly shifting to these international institutions. Their monies have been "round-tripped", providing debtors short-term liquidity to repay commercial bank debt rather than the long-term investment that their economies desperately need in order to provide a decent standard of living for their people. Their loan portfolios are being weakened by non-project lending, and they are increasingly seeing countries in arrears on their repayments even though international financial institution debt enjoys repayment priority.

Yet, since the recession in the early 1980s, world economic expansion has continued. People have allowed themselves to be lulled by the good economic times into believing that debtor countries are solvent. During these good times, few debtor countries have improved their ability to repay and virtually all have significantly increased their external debts.

If the world economy goes into even a brief moderate downturn, that circumstance would expose the true extent of the international debt crisis. The widespread failure of foreign debtor countries to be able to service their debt would have substantial political and economic repercussions on both debtor and creditor nations. Political and social instability in countries with nascent democracies and abandonment of necessary economic reform agendas are predictable.

The Committee is pressing this issue now because it believes that it has an obligation to blow the whistle on this problem. The Committee believes that delay in addressing this problem only makes it far more difficult to resolve in the future. The snowballing effect of piling more and more official debt and interest on top of itself for future repayment is causing bad official debt to expand geometrically.

The government of the United States is owed approximately $64,800,000,000 by foreign governments and has outstanding an additional approximately $22,300,000,000 in loan guarantees, primarily in four programs: the Agency for International Development, the Defense Security Assistance Agency, the Commodity Credit Corporation, and the Export-Import Bank.

Since 1980, United States government officials have signed over 140 "Paris Club" debt rescheduling agreements. These agreements have involved the debts of 60 countries and have addressed a total

of over $15,000,000,000. Yet, not once has any official publically suggested that any of these loans are uncollectible.

Evidence of this cascading problem is clear in any simple analysis of these debt rescheduling agreements. The number of "Paris Club" reschedulings involving debts owed to the United States each year is mushrooming, as illustrated below:

PARIS CLUB RESCHEDULING

Period	Number of years	Number of agreements
1968 to 1974	6	6
1975 to 1979	5	6
1980 to 1982	3	13
1983 to 1984	2	24
1985 to 1986	2	27
1987 to 1988	2	29
1989	1	23
1990	(1)	9

1 4 months.

Similarly, the amount of debt owed to the United States which is involved in these reschedulings is mushrooming. From 1968 to 1979, relatively little debt was rescheduled; from 1980 to 1985, approximately $2,183,000,000 was rescheduled; since 1985, over $11,696,000,000 has been rescheduled.

Seven countries have had four or more reschedulings, and one has had nine. The country with the largest single debt rescheduling is Poland, which rescheduled $1,841,000,000 in 1986. Since that time, Poland rescheduled $905,000,000 in 1989 and another rescheduling occurred in early 1990 which rescheduled all prior-year debt principal and interest, and all previously rescheduled principal and interest. Egypt is the country with the second largest individual rescheduling—$1,679,000,000 in 1987. Egypt has been constantly about one year behind in its debt payments to the United States since that time.

The foreign assistance programs of the United States have become ensnared in this crisis. More and more American foreign assistance money is being used to pay the United States back for its old loans to these very same countries. The absurdity of giving countries foreign assistance grants which are then largely used to repay the United States is obvious and is even more troubling when many of these same countries have very large poor populations.

Egypt, the second largest recipient of foreign assistance, is one example of this problem. Egypt has received $1,300,000,000 in foreign military assistance and $815,000,000 in Economic Support Funds for several years now. In fiscal year 1990, Egypt is scheduled to repay the United States principal and interest totalling over $1,000,000,000 on past loans—the largest portion of which is $720,346,289 on amounts of money previously lent to them for military procurement. Foreign military loan repayments alone represent 88 percent of the new economic aid granted to Egypt in fiscal year 1990. These military loan repayments will total over one billion dollars per year in three of the four fiscal years following 1992.

Total principal and interest scheduled to be repaid by Egypt exceeds $1,500,000,000 in fiscal year 1993!

Pakistan is another example. Pakistan received $230,000,000 in Economic Support Funds in fiscal year 1990. But, total loan principal and interest scheduled to be repaid was $386,500,000. Total loan principal and interest scheduled to be repaid by Pakistan in fiscal years 1991 and 1992 exceeds $500,000,000 per year.

The Committee, in order to bring public and political attention to the continuing debt crisis, withheld funding for the World Bank in the bill last year. The Committee again has withheld funding for the Bank.

The Committee believes that the failure of the United States and other creditor countries to honestly admit the uncollectability of a portion of their international debt could have enormous geopolitical consequences in Eastern Europe. The Committee strongly believes that the United States should maximize the opportunity to stabilize the political and economic reforms that are being achieved in Eastern Europe.

Further, commercial bankers and the governments of other countries should not be able to feed off American funds provided to assist the people of Eastern Europe in an extremely difficult transition period. Consequently, the Committee has withheld from obligation funds appropriated for the United States contribution to the new European Bank for Reconstruction and Development until such time as agreement is reached recognizing the uncollectability of Polish debt. The Committee also has cut funding for the World Bank because its funds are currently being lent to Poland even though there has been no resolution of the Polish debt crisis.

Polish government commercial debt currently sells in a thin secondary market at approximately 17 cents on the dollar. Yet, commercial bankers continue to value it on their books at full value. Governments also cling to the accounting fiction that this debt is fully collectable. The Polish debt-to-export ratio exceeds 300 percent, similar to the debt-to-export ratios of sub-Saharan Africa. The Committee has included language in the bill which grants the President the authority to adjust the Polish government debt owned by the United States in a manner which recognizes the basic uncollectability of that debt. The Committee believes that such an adjustment would be an act of international honesty in financial reporting.

The Committee is convinced that the case of Poland is unique.

Following World War II, the Allied powers decided that reconstruction of the German economy was crucial to the economic reconstruction of Western Europe and to the ability of Western Europe to resist Soviet pressures. In 1953, they reached a series of bilateral and multilateral economic agreements, including the "London Agreement on German External Debts" which addressed approximately $6,000,000,000 of government and private claims against Germany. Settlements addressing postwar bilateral economic assistance by the three Allied powers and Denmark reduced Germany's debt liability from about $3,800,000,00 to about $1,500,000,000 a cut of slightly over 60 percent of the face value of the loans.

Taking public and private debt together, Germany's external indebtedness was reduced from about $5,400,000,000 to about $3,100,000,000, a cut of about 43 percent of total principal indebtedness. All that was done for a country which plunged the world into the worst war in history. It was done to enable the roots of democracy to sink into the German body politic by creating an economically vigorous Germany in an economically vigorous Western Europe.

It also was done to avoid future political instability in Western Europe in light of past political history.

John Maynard Keynes, the British economist, became famous in 1919 when serving for the British Treasury at the Peace Conference at the end of World War I. Keynes walked out of the Peace Conference and wrote a scathing book, *The Economic Consequences of the Peace.* The book virtually predicts World War II as a result of the failure of the Peace Conference to deal with the need to economically rebuild Europe rather than to simply impose a war reparations bill that was totally beyond the capacity of the German people to pay.

Keynes stated: "The Council of Four paid no attention to these issues, being preoccupied with others,—Clemenceau to crush the economic life of his enemy, Lloyd George to do a deal and bring home something which would pass muster for a week, the President to do nothing that was not just and right. It is an extraordinary fact that the fundamental economic problems of a Europe starving and disintegrating before their eyes, was the one question in which it was impossible to arouse the interest of the Four . . . and they settled it as a problem of theology, of politics, of electoral chicane, from every point of view except that of the economic future of the States whose destiny they were handling."

Poland was not the perpetrator of a World War which caused the death of millions of people. Indeed, Poland was one of the victims of that war.

It was the invasion of Poland in September 1939, after the August signing of the Molotov-Ribbentropp Pact between the Soviet Union and Germany which included a secret protocol dividing the control of Poland between them, that signalled the start of World War II. France and Great Britain had earlier warned Germany that an invasion of Poland would be considered direct aggression against them. Two weeks later, Red Army troops invaded eastern Poland and occupied their portion of Poland under the Pact. It was during this time that Soviet forces mass murdered Polish army officers in the Katyn Forest.

The Polish government-in-exile, recognized by the allies, created a force of about 100,000 troops and an underground movement in Poland. Polish forces fought with the French Army with distinction in the Battle of France. Polish naval forces fought in the Norwegian campaign. The Polish underground intercepted the designs for the most advanced German code machine. These designs enabled the allies to decipher German military communications throughout most of the war. Polish troops played pivotal roles in the Battle of Britain. A Polish Air Force squadron had more enemy kills than any other squadron during the battle. Polish troops later fought in northern Africa and Italy.

The Polish underground "Home Army" totalled as many as 300,000 to 400,000 and successfully disrupted supply and transport lines and stole vital weapons development information. In 1944, the German army, after 64 days of heavy fighting, put down the insurrection of the Home Army in Warsaw and then razed the city. The Soviet Army entered Warsaw in January 1945. Soviet troops occupied most of Poland.

The Soviet Union imposed a communist dictatorship on Poland at the end of World War II. The world—with limited options available—acquiesced. Now, time and history demand an accounting for those actions.

The Committee has focused on Poland because it believes that its situation is unique. The Polish people had a government imposed upon them by a foreign power. That imposed leadership has been successfully overthrown and a new democratically elected leadership is trying to establish a democratic political tradition. Simultaneously, the Polish democratic leadership is engaging in the most dramatic economic reform actions undertaken anywhere. Those economic reforms, "shock therapy", carry with them extremely high economic costs for the Polish people. Finally, the Committee believes that the failure of the Polish experiment would doom the prospects for Soviet reformers to follow the same route, with implications for the entire world that are as unique as they are overwhelming.

Human Rights

The Committee continues to be extremely concerned with human rights throughout the world. Issues were addressed throughout the Committee's hearing process this year. Of special importance are a number of countries which receive United States foreign assistance. The Committee realizes the importance of paying close attention to how these countries treat their own citizens. Human rights is not the engine on a foreign assistance train, but neither should it be the caboose.

For better or for worse the United States often has more ability to influence countries receiving foreign assistance than non-aid recipients who may have equal or worse human rights problems. The Congress has a responsibility to try to positively affect the human rights policies of aid recipients through increasing pressure for human rights improvements.

A number of concerns relating to human rights situations in specific countries are detailed under the "Country Issues" section later in this report.

Assistance for Children

The Committee recognizes that saving and improving the lives of children is one aspect of foreign assistance that has been shown to work. Funding for immunization, child survival, health and other programs can be traced specifically to keeping children alive. While the world is waiting to see the impact of economic and military programs, programs funded in this bill for children will already be saving the lives of children.

Recognizing the positive effect of providing funding for programs that help children, the Committee has recommended increases of approximately $100 million above the Administration's request in funding for UNICEF, Child Survival, Health, Education, Orphans and AIDS prevention and control. The Committee has also increased by almost 50 percent over last year funding for sub-Saharan Africa—a step that will help to save the lives of children on that continent.

Additionally, the Committee has recommended that the Administration provide development assistance and Economic Support Fund assistance totalling not less than $225 million in fiscal year 1991 for Child Survival Activities. This is an increase in total funding of $75 million over the amount actually undertaken in fiscal year 1989 and an increase of $25 million over the amount recommended by the Committee in fiscal year 1990.

Progress has been made during the past ten years in the immunization against six deadly childhood diseases sustaining the lives of millions of children. But almost 14 million children under the age of five still die each year from largely preventable causes. Unless more funds are provided to prevent the causes of those deaths more than 100 million children will die unnecessarily during the next decade—an amount larger than the number of children in our country today.

In order to save the lives of children the Committee has increased funding this year by $100 million as a step in accelerating assistance to meet the needs of children. The Committee believes that the Administration should follow through next year in planning and requesting adequate funds so that the United States can be seen as a world leader in the cause of saving and improving the lives of children.

UNICEF

The United Nations Children's Fund, UNICEF, continues to be among the most popular foreign assistance programs and with good reason. Since its creation, UNICEF has worked with vigor and a sense of mission to develop practical low-cost, high yield programs to improve the lives and well-being of millions of the world's children. The Child Survival and Development Program, now eight years old and in place in 121 developing countries, clearly has achieved great progress.

Immunization and oral rehydration therapy, which have great support among the Committee's members from both sides of the aisle, alone are saving an estimated 3 million young lives each year. In particular, the Committee applauds UNICEF's effort to achieve the Universal Childhood Immunization (UCI) goal for the world's children by the end of this year. The Committee recalls that when the UCI 1990 goal of 80 percent immunization against the six deadly childhood diseases was announced in 1979, the worldwide rate of immunization was less than 10 percent. However, UNICEF has pursued this goal with great dedication and the worldwide immunization rate now stands at approximately 70 percent and is climbing.

These great gains notwithstanding, the Committee takes notice of UNICEF's 1990 report on The State of the World's Children. UNICEF believes and the Committee agrees that the potential exists to save at least 50 million of these children. The key to unlocking this potential lifesaving lies in the resolve of governments and societies as a whole to commit the resources necessary to enable UNICEF and its partners to take the Child Survival and Development program to a much grander scale.

However, the question of resources is before this Committee now and clearly gains will not be achieved if the Committee were to endorse the Administration's request for UNICEF, a reduction of 23 percent when compared to the current appropriation. The Committee recommends that the United States voluntary contribution to UNICEF be increased to $75,000,000 for fiscal year 1991. This increase is intended to fuel the final months of the UCI 1990 effort and to enable UNICEF to expand its child survival programs.

WORLD SUMMIT FOR CHILDREN

The upcoming World Summit for Children, to be held at the United Nations on September 29–30, 1990, will be one of the most important meetings of heads of State during the 1990s. It is the Committee's hope that political leaders of the world will commit their governments to support the expansion of the child survival program to save the lives of millions of vulnerable children during the 1990s.

It would be of great value to the United States for the President to personally participate at the World Summit. The President's participation would benefit both in terms of identifying the international priority of the needs of the world's children, and domestically as to the potential to improve the state of America's children.

Sub-Saharan Africa

The Committee is recommending $800,000,000, a major increase in funding for Africa, because no other region of the world faces a development crisis as severe as that currently afflicting this continent. Development funds should be focused on the region where development need is the greatest. The case for substantially increasing development aid to Africa is compelling:

—According to AID, of the twenty-five poorest countries in the world today, twenty are in sub-Saharan Africa. Thirteen African countries accounting for one-third of the population of that region are actually poorer in per capita terms today than they were at independence.

—More and more Africans are going hungry. Severe food shortages were exceptional in 1960. Now they are widespread. More than 100 million Africans face chronic food problems.

—Primary school enrollment rates in Africa are down from 1980. Less than two-thirds of African children begin primary school today. Only one of every 200 goes beyond secondary school.

—Africa has some of the highest rates of maternal and infant mortality in the world. In the poorest countries, like Burkina Faso and Mali, about 25 percent of all children die before the

age of five. Two out of three rural Africans are still without access to safe water.

—Never in human history has population grown so fast. Less than 100 million people inhabitated Africa at the beginning of this century. Today, ninety years later, the population stands at 500 million. If current trends continue, the population of Africa will double in the next twenty years, placing impossible strains on basic social services.

—African debt is growing faster than any other region's. Total African debt increased from $6 billion in 1970 to $134 billion in 1988, three and one-half times its export earnings. No more than a dozen out of 48 countries in sub-Saharan Africa have serviced their debts regularly since 1980.

Of course, some African countries have done well since independence. But the fact remains that the development crisis the region faces as a whole is deepening and presents extraordinary challenges. This Committee believes the United States must play an important role in addressing those challenges, and our recommendation reflects the kind of commitment needed to do so.

Base Rights

The Committee has provided a cap on the amount of military assistance that can be provided to Portugal, Turkey, and Greece in fiscal year 1991. The Committee recommends that Portugal can receive up to $95,000,000, Turkey up to $430,000,000 and Greece up to $301,000,000.

The Committee has reduced the amount requested for these three countries by $189,000,000. This is a reduction of $109,000,000 from the total level of military assistance provided to these base rights countries in fiscal year 1990.

For more than five years the Committee has indicated its strong opposition to the idea of paying rent for the purpose of maintaining military bases that protect the host country as much as they protect the United States and other allies.

Despite these concerns, this year, as in the past, the Administration continues to request high levels of military assistance for Portugal, Greece and Turkey. In the case of Portugal and Turkey, the Administration is requesting an increase of $87,000,000. The Committee strongly believes that these high levels of assistance can no longer be supported, especially in light of the dramatic changes that have taken place in Eastern Europe and the Soviet Union over the past year.

The Committee is making these reductions to the three European base rights countries because that is the region where the most dramatic changes have taken place. Over the past year, the Soviet empire in Eastern Europe has for all practical purposes collapsed. Political, economic, nationality and ethnic problems in the Soviet Union also have contributed to a diminished military threat to Western Europe. The Administration's response to these major changes is to ask for last year's military assistance budget and more.

The Committee believes that recent events justify significant reductions in military assistance so that resources can be freed up to

meet other challenges to the United States around the world, including environmental degradation, third world poverty, especially in Africa, illicit narcotics, and the plight of 15 million refugees worldwide.

The NATO base rights countries were cut because the threat has changed the most in Europe. Without the limits on these three countries, other countries such as Pakistan would face severe cuts.

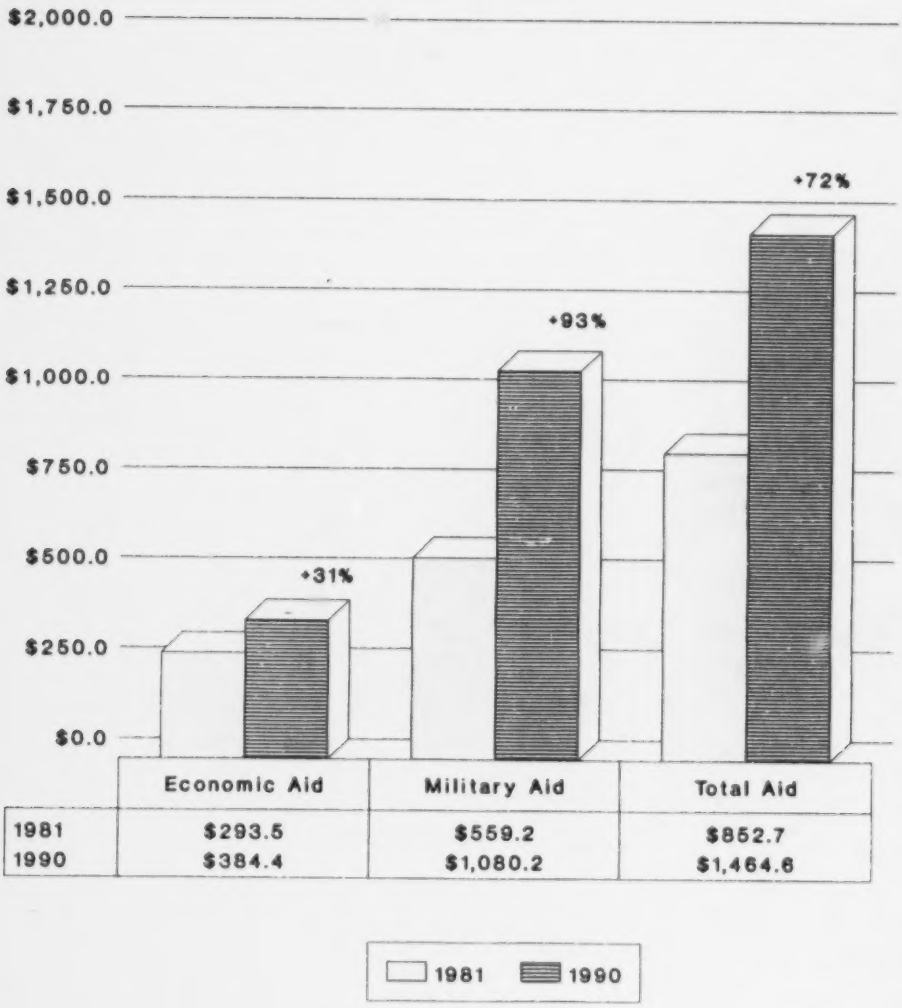
The Committee understands that Portugal, Turkey and Greece are close friends and allies of the United States, and recognizes that their governments are democratically elected. The Committee also notes that Portugal, Turkey and Greece will still receive substantial levels of assistance in fiscal year 1991. Portugal will receive a 6 percent increase over current levels, despite a shrinking budget for other programs.

However, the Committee remains opposed to paying base rights countries for the "privilege" of defending these countries as much as we defend ourselves. At a time of huge budget deficits and new challenges around the world, modest cuts in military aid for base rights are justified and overdue.

The Committee expects to make substantial reductions over the next five years in military assistance for the purposes of allowing United States bases in these three countries and a number of others as well.

The Committee notes that funding for the base rights countries, including the Philippines, increased substantially between 1981 and 1990. Funding would increase even more under the 1991 budget request. The extent of these increases is reflected in the two charts below.

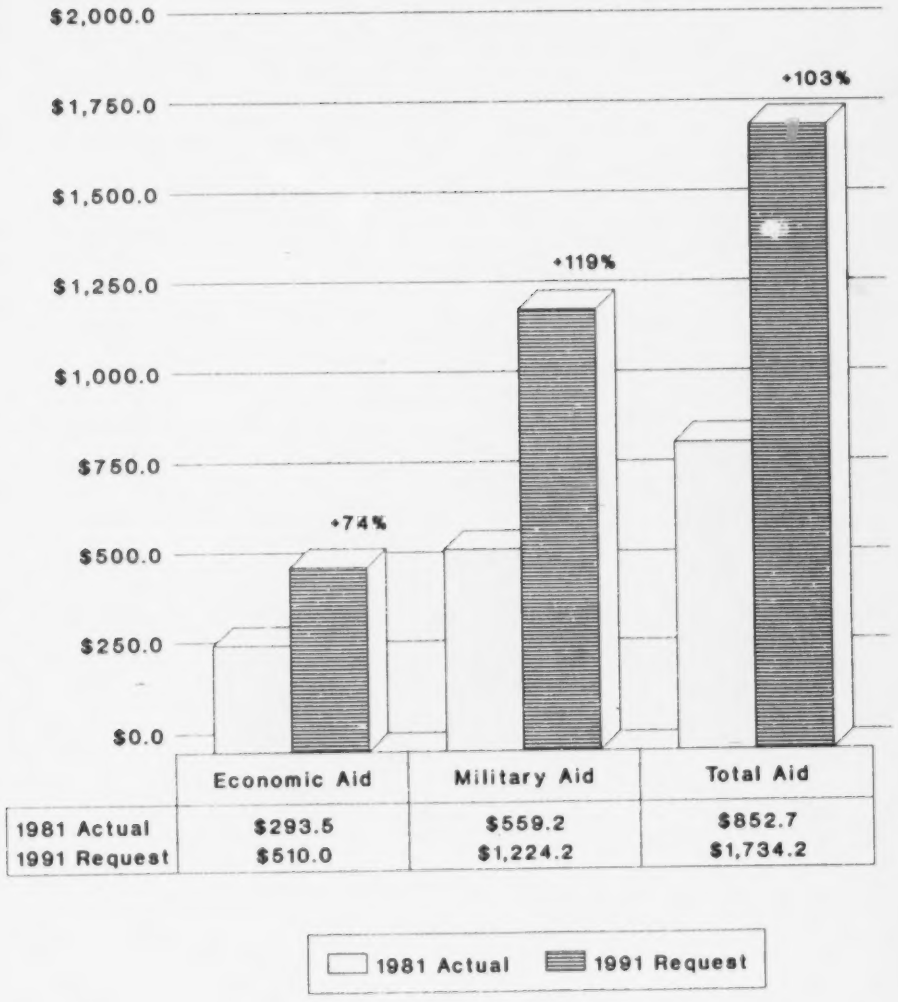
FUNDING FOR BASE RIGHTS NATIONS
HAS INCREASED SUBSTANTIALLY
Fiscal Years 1981 and 1990 Compared



	Economic Aid	Military Aid	Total Aid
1981	$293.5	$559.2	$852.7
1990	$384.4	$1,080.2	$1,464.6

Greece, Philippines, Portugal & Turkey
(in millions of nominal dollars)

PRESIDENT SEEKS TWICE AS MUCH
FOR BASE RIGHTS NATIONS
Fiscal Years 1981 and 1991 Compared



	Economic Aid	Military Aid	Total Aid
1981 Actual	$293.5	$559.2	$852.7
1991 Request	$510.0	$1,224.2	$1,734.2

Greece, Philippines, Portugal & Turkey
(in millions of nominal dollars)

CENTRAL AMERICA

ECONOMIC GROWTH

Central America remains a region of vast opportunity and great tragedy. Since 1980, the United States has poured $8.3 billion in economic and military aid into four countries in Central America—Honduras, El Salvador, Guatemala, and Costa Rica. Recently, the United States provided $720,000,000 for Panama and Nicaragua. In fiscal year 1991, another $857,000,000 has been requested for this region. This amount is well above the amount requested for all of Africa, and almost double what has been provided for all of Eastern Europe. This level of investment warrants the expectation that our funds should have some positive effect for change.

In both Panama and Nicaragua the events of the past year have given these countries a new beginning. The United States has a special obligation to provide assistance to these countries, and the Committee has responded to that obligation. It is imperative that as our funds are spent, democratic social development and sound economic policies accompany their expenditure. The Committee expects in particular that any security related assistance to these countries emphasize professional development of police forces. The last thing either country needs is more military equipment.

In other countries developments have not been as positive. Official corruption, human rights abuses, insurgent destruction, and terrorism remain as major problems and are on the rise in several countries. The situations in El Salvador and Guatemala remain a major concern and are addressed in more detail later in this report.

With the accession of new governments in Panama and Nicaragua the potential for regional economic growth and stability is greater than at any point in the past ten years. The influx of private capital to fuel this growth and address overall debt problems depends in large measure on political stability.

United States efforts to address instability over the past decade have been too narrowly focused. Pumping large amounts of assistance into the region without addressing the root causes of political instability simply maintains an unstable status quo and perpetuates economic dependence of these countries on high levels of assistance.

The Committee recognizes that in the case of El Salvador pressure continues from ruthless guerrilla movements. The fact remains, however, that resolution of the conflict in El Salvador could engender a new era of regional political stability and economic growth. In such a circumstance the potential for the influx of private capital and economic growth, accompanied by a lessening of dependence on continued high levels of assistance from the United States is maximized.

GUATEMALA

The Committee has included language in the bill that limits military assistance to Guatemala to no more than $2,887,000 in nonlethal aid, and makes military assistance to Guatemala subject to reprogramming notification procedures.

The Committee stresses its fundamental support for the democratic government of Guatemala, and its deep desire for a peaceful transition through open and free elections to a new civilian government later this year.

However, the Committee notes that, despite its repeated encouragement and despite considerable amounts of United States aid, the Guatemalan government has made little progress in fulfilling pledges to end human rights violations by government forces, to expand labor rights, to establish full civilian control over the military, and to redress the economic and social grievances of Guatemala's desperately poor. The Committee will be carefully evaluating the efforts of the civilian and military leaderships in these areas when determining provision of future aid to Guatemala.

The Committee deeply regrets that the human rights situation in Guatemala continues to deteriorate. According to the most recent State Department report on human rights in Guatemala, "There continued to be credible reports of security forces personnel and political extremists engaging in extrajudicial killings, disappearances, and other serious abuses. Few, if any, of the perpetrators of such actions were apprehended, tried and convicted." The United States recalled its ambassador from Guatemala in March to protest the Guatemalan government's failure to stem the growing tide of human rights abuses.

The Committee is very disturbed that, despite the fact that the House Report, Senate Report, and Conference Report accompanying the fiscal year 1990 foreign operations bill all expressed special concern over violence against members of Guatemalan human rights organizations by members of the Guatemalan security forces, the situation for these individuals and organizations has worsened.

In recent months, three leaders of the Council of Indigenous Communities (CERJ) have been killed and 20 members of the Mutual Support Group for Relatives of the Disappeared (GAM) were attacked in a demonstration. According to numerous reports, members of the security force were involved in these attacks. The Committee urges the government of Guatemala in the strongest terms to make every effort to offer its support and protection for Guatemalan human rights groups.

Of particular concern to the Committee is the case of Ursuline Sister Diana Ortiz, a United States citizen who was abducted and tortured in November 1989, and who has implicated Guatemalan security forces in her sworn testimony. The Committee is pleased that President Cerezo has recently decided to form a special commission to investigate this case. However, progress on this case will be a factor in timely receipt of any foreign military financing or economic support funds.

Other cases of concern to the Committee include the killing of Salvadoran opposition leader Hector Oqueli and Guatemalan attorney Gilda Flores, the kidnapping and killing of San Carlos University students, and the armed attack on members of Peace Brigades International, including a citizen of the United States, Meredith Larson.

The Committee notes that the government of Guatemala has in the past indicated that it does not seek lethal military aid and does

not intend to make lethal purchases except for M-16 rifles and patrol boats to guard against drug traffickers and smugglers. The Committee expects the governments of Guatemala and the United States to maintain this position as a matter of practice and policy. Given the sensitivity of this issue, the Committee expects to be informed in advance of any proposed lethal sales, government or commercial, to Guatemala.

The Committee recognizes the important steps the government of Guatemala has taken to reform its economy, including the removal of price subsidies on fuels and electricity, the privatization of several state-owned enterprises, the easing of protection of domestic industries, and allowing the domestic currency, the quetzal, to float freely against the dollar.

These good measures, however, are endangered by new 1990 public sector debt and the dramatic increase in the supply of quetzals which has fueled inflation and currency speculation. The Committee encourages the government of Guatemala to take appropriate measures—reducing the deficit, increasing revenues and drying up excess liquidity—to contain these problems. The Committee expects that release of fical year 1991 economic support funds will not occur until these measures have been taken.

Illicit Drug Control

The need to eliminate illicit drug cultivation and production overseas is one of the greatest concerns of the Committee. The Congress, in order to address this problem, has provided for the past several years significant levels of assistance through the International Narcotics Control program and other programs.

More than $574,900,000 in funds provided in this bill are available for programs or initiatives related to the control of illicit drugs. In order to accelerate efforts of International Narcotics Control the Committee has made the following recommendations:

—$150,000,000 for International Narcotics Control ($35 million above last year's level);

—$59,900,000 in Economic Support Funds may be made available for Bolivia, Ecuador, Jamaica and Peru if they are making progress on illicit drug control;

—$195,000,000 in additional Economic Support Fund Assistance may be made available for Peru, Bolivia, Colombia and Ecuador based on meeting a series of additional goals on illicit drug control;

—not more than $118 million in military assistance related to drug control may be made available to Bolivia, Peru and Colombia if they are making progress in illicit drug control;

—$10,000,000 for Development Assistance programs related to narcotics education and awareness;

—$40,000,000 for Development Assistance programs related to economic assistance activities;

—$2,000,000 within International Military Education and Training funds is designated for narcotics control training and expenses;

—Certification is required from the President that countries are making progress on illicit drug control prior to providing United States Foreign Assistance to those countries;
—use of ESF and development assistance funds is allowed for promoting production, processing and marketing of alternate crops in specified countries;
—use of funds to aid law enforcement agencies has been allowed; and
—reprogramming authority is included to move funds from countries not complying with illicit drug control efforts.

DEVELOPMENT AND ECONOMIC SUPPORT ASSISTANCE

The Committee has recommended the President's fiscal year 1991 request of $59,900,000 in Economic Support Funds as a target to be used in providing United States funding for Bolivia, Peru, Ecuador and Jamaica. This funding should be used as an incentive for those countries to strengthen illicit drug control efforts. The Administration has made the case that if economic and military assistance are not continued to these governments then they would not be able to continue narcotics control efforts and the possibility would increase that individuals or parties not interested in drug control could gain power.

The Committee has also recommended an additional $195,000,000 which is $20,000,000 above the President's request for Peru, Bolivia, Colombia and Ecuador in economic assistance. Provision of these funds is to be based on additional and extraordinary efforts to control illicit drug growth and production as specified in this bill. The Committee has specifically inserted Ecuador as eligible for this fund as an incentive to that country to accelerate its efforts in the drug war.

The Committee believes that much greater attention must be paid to the efforts of coca producing Andean nations whose aim of offering adequate economic development alternatives to coca farmers have been constrained by, among other things, inadequate amounts of development assistance, a concentration on seeking military solutions to socio-economic problems and the consequent failure to recognize the overriding importance of economic assistance activities.

In particular, the Committee expresses its concern over the failure to use funds previously made available for programs of economic and social development in the Chapare region of Bolivia in the anti-drug program. Unlike Peru's Upper Huallaga Valley, the spectre of organized armed revolutionaries is not yet a problem in Bolivia. In addition, the sustained drop in the price of coca leaf in the Chapare has produced an opportunity to make significant progress in alternative development, crop substitution and voluntary coca reduction activities.

Therefore, the Committee urges AID to immediately begin efforts to expand the entire development program in the Chapare in order to induce coca farmers to reduce their plantings of coca and fully participate in a broad program of alternative development activities, including crop substitution. The Committee urges AID to be innovative in its revised Chapare program strategy, and to carry it

out with dispatch. The Committee will monitor progress and periodically request status reports on development efforts in the Chapare region.

MILITARY ASSISTANCE

Amounts spent for military assistance for Peru, Bolivia, and Colombia have grown precipitously in the past two years. The Committee is not convinced that continuing high levels of military assistance to these countries is an effective tool for winning the drug war. Real prospects for economic growth and growing alternate crops coupled with reasonable levels of military and law enforcement assistance need to be effectuated simultaneously. Recently the newly elected Presidents of both Peru and Bolivia have made statements to this effect. The Committee has for this reason placed a limitation of $118,000,000 on military assistance to Peru, Bolivia, and Colombia. This is $20,000,000 below the requested amount. The Committee has allowed use of these funds for law enforcement agencies as well as the military forces of those countries. The Committee urges that these funds be provided to law enforcement agencies, who have the lead in fighting the war on drugs, to the maximum extent feasible. The preservation of democratically elected governments in this region is paramount, and a balanced United States aid program is critical to that preservation.

Provision of military assistance is conditioned upon each of these countries not engaging in a consistent pattern of gross violations of human rights.

The Committee is particularly concerned about human rights abuses committed by the Peruvian military and the Sendero Luminiso guerrillas.

DRUG AWARENESS PROGRAMS

The Committee also recommends that AID continue its efforts in drug control awareness and education and that at least $10,000,000 be programmed for that purpose. Also AID should continue its economic support programs related to drug control at a level of at least $40,000,000.

MIDDLE EAST PEACE PROCESS

The Committee consistently has expressed its support for the Middle East peace process and especially for the recent efforts of Secretary of State Baker to put forward a fair, responsible and constructive proposal to get the process moving. While that proposal focused on process, not substance, it offered the best opportunity to begin implementation of the proposal first offered by Israeli Prime Minister Shamir that included elections for Palestinian representatives to negotiate an interim arrangement for the West Bank and Gaza and then negotiations for a final agreement for the territories. The Committee is concerned about the failure of the Israeli government to respond positively to the Secretary's efforts.

The Committee strongly urges the Administration, the government of Israel, and Palestinians to work to move to meaningful negotiations about both short-term and long-term arrangements that

will assure Israel's security and the legitimate rights of the Palestinian people.

The Committee is outraged at the recent attempt by Palestinian terrorists to attack civilians in Israel and calls on all parties in the Middle East and elsewhere in the international community to condemn attempts at and acts of terrorism and work to bring terrorist attacks to an end.

Environmental Priorities

The Committee continues to believe that environmental issues must be a top priority of the United States foreign assistance program. Two general provisions in the bill (Sec. 533–534) reiterate the Committee's concerns and contain various policy directives relating to environmental issues. In addition, the Committee has included funding at increased levels for a variety of international organizations, and AID programs. Included in the international organizations accounts is:

$15,800,000 for the United Nations Environment Program

$750,000 for the Conference on International Trade in Endangered Species

$200,000 for the Intergovernment Panel on Climate Change

$220,000 for the World Heritage Fund

$850,000 for the International Union for the Conservation of Nature

$2,500,000 for the World Meteorological Organization

$1,000,000 for the International Tropical Timber Organization

The Committee has not included the Administration's request for $500,000 for the Tropical Forestry Action Plan (TFAP) as explained below.

The Committee has also provided not less than $75,000,000 in bilateral development assistance funds for environmental activities.

The Committee has also provided earmarks of:

$20,000,000 for AID's Office of Energy

$30,000,000 for Global Warming Initiative

$15,000,000 for Biodiversity of which $3,000,000 will be subearmarked for the Parks in Peril Program

$5,000,000 for elephant protection activities

Finally, the Committee has provided $10,000,000 in seed money for the Montreal Protocol Facilitation Fund, to establish financial mechanisms to enable developing countries to meet the requirements of a present and future strengthened protocol, as explained below.

Tropical Forestry Action Plan

The Committee has not granted the Administration's request for $500,000 for the Tropical Forestry Action Plan (TFAP). Although the initial motives and design of TFAP were commendable, the Committee is aware that TFAP's implementation under the guidance of the U.N. Food and Agricultural Organization (FAO) has failed to address many of the root causes of tropical deforestation and instead, has the potential to exacerbate current rates of natural forest destruction in participating countries.

The Committee envisions continued funding in the future for a reformed and improved TFAP process. To this end, the Committee strongly urges the Secretary of State, the Secretary of the Treasury, the Administrator of the Agency for International Development, in close cooperation with the Administrator of the Environmental Protection Agency, to actively participate in the ongoing review of TFAP, currently directed by the TFAP secretariat at FAO.

The goal of United States participation in this review should be the restructuring of the current TFAP process into a multilateral effort that will reduce current rates of tropical deforestation, preserve biological diversity, encourage sustainable management of tropical forest resources, and meet the basic needs of indigenous forest communities.

The Committee expects that restructuring of the current TFAP process will focus on: (1) broadening TFAP's agenda to include needed investments and policy reforms outside of the forestry sector; (2) guaranteeing increased participation in all stages of the TFAP process by local communities, concerned nongovernmental organizations (NGO's) and governmental and nongovernmental organization professionals outside of the forestry sector; and (3) creating a new international steering committee and Secretariat, independent of FAO, to oversee the TFAP process. The Committee expects that this steering committee will be broadly representative of the groups described in (2) and that it will be staffed by a wide range of environmental, natural resource, development and social science professionals.

MULTILATERAL DEVELOPMENT BANKS

Economic growth if it is to be sustainable must be predicated on the sustainable management and use of natural resources, not their exploitation. The role of the multilateral development banks must be to promote this philosophy in all of their lending and programs with developing countries. This includes special programs to encourage energy conservation, efficiency and renewable resources; tropical forestry management to conserve forests and encourage uses of tropical forest products which will result in sustainability, not degradation; and debt swaps for the preservation of threatened ecosystems.

The Committee is aware that the multilateral development banks have a significant influence on the energy sector investment decisions of developing countries. This influence can be magnified by co-financing arrangements and extensive technical assistance in formulating energy sector plans and strategies. The Committee expects the United States to use its influence within the MDBs to ensure that end-use efficiency and renewable energy resources are given top priority in the banks lending and technical assistance activities.

The Committee is well aware that technical, institutional and political constraints in developing countries often discourage investments in end-use efficiency and renewable energy. The Committee finds, however, that the MDBs can and should play a vital role,

through technical assistance and policy negotiation, in helping borrowing countries to overcome these constraints.

The Committee expects the Department of the Treasury to encourage the MDBs to continue to work to increase the number of professional staff trained in end-use efficiency, conservation and alternative generation technologies. MDBs should continue to focus on least-cost energy resource planning and methodology that allow concrete investments in end-use efficiency and renewable energy to be considered as alternatives to conventional energy supplies. MDBs should continue to consider innovative financing through "bundling" smaller renewable energy, conservation and efficiency projects into larger, more easily financeable projects. Analysis of projects should continue to examine environmental costs and impacts.

The Committee believes that the United States must strongly emphasize that it is not enough for MDB loans to avoid harming tropical forests. United States representatives to the MDBs should press these institutions to become leaders in efforts to conserve existing forests and to create new forested areas. These efforts should be coupled with procedural reforms to ensure that MDB lending is responsive to the needs of the local people.

The Secretary of the Treasury will submit an annual report to the Committee no later than March 1, 1991 detailing their efforts in working with the MDBs on progress on environmental issues. This report is to include a description of the progress made by each MDB, analysis of forestry sector loans as well as their energy sector loans and activities and the impact on CO_2 emissions, progress on Debt-for-Nature swaps, and Brady Plan natural resources management initiatives. The Committee further expects the Department of the Treasury to adhere to all the provisions set out in the Fiscal Year 1990 Appropriations Bill.

ASBESTOS IN WORLD BANK PROJECTS

The Committee is extremely disturbed by the slow progress of the World Bank's Environment Department in establishing a scientific Toxics Advisory Panel to review use of asbestos and other toxic substances in Bank financed projects. The Committee strongly urges the Department of the Treasury to continue raising this issue directly before the management and Board of Directors of the World Bank and to convey its strong concern that a Toxics Advisory Panel rapidly be established. The Secretary of the Treasury in the annual report referred to earlier in this report should include a detailed description of progress the World Bank has made on this issue.

WORLD BANK "GREEN FUND"

The Committee notes with approval the interest of the World Bank, the United Nations Environment Program, and the United Nations Development Program in establishing a global environmental lending facility. As the Committee has recognized in its appropriations for this fiscal year, as well as in previous years, increased assistance to developing nations will be critical in solving

global environmental problems such as stratospheric ozone depletion, global climate change and the loss of biological diversity.

The Committee has in the past made additional resources available to AID and to various multilateral organizations to address these pressing environmental problems, and has called upon the World Bank and the Regional Development Banks to give greater priority to end use energy efficiency, renewable energy, "least cost" energy planning, forest conservation and forest preservation in their existing lending programs.

This year, the Committee has also directed AID's Office of Energy, in cooperation with the Department of Energy, EPA and the Committee on Renewable Energy, Commerce, and Trade (CORECT), and in consultation with the MDB's and the International Finance Corporation, to establish a preinvestment facility for the preparation of energy efficiency, renewable energy and "least cost" energy planning projects at the MDBs and the IFC. The Committee recognizes that in some cases additional resources may be necessary for the MDBs to support environmental projects, the benefits of which are principally global in nature, especially in the areas of stratospheric ozone depletion.

However, the Committee is concerned that the World Bank's February 1990 proposal for a Global Environmental Facility fails to address crucial issues of public participation in the Bank's activities and the relationship of operations under the proposed new facility to the Bank's existing operations in energy, forestry and other sectors.

The Committee expects that the United States will use its influence at the World Bank to develop a pilot facility, focussed initially on the issues of stratospheric ozone depletion which: (1) guarantees broad public participation and access to information in all stages of operations; (2) ensures that operations in the Bank's existing facilities are made consistent with the goals of the new facility; (3) does not duplicate the role that resources from the Bank's existing facilities should play in operations that are beneficial to borrowing countries themselves in environmental terms, economic terms or both; and (4) incorporates sound lending policies in relation to overall country debt structure.

In this regard, the Committee notes with great concern the current negative position of the United States toward the Bank's proposed goal, and expects that the United States should be prepared to support a limited pilot facility which satisfies the above criteria.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Global Warming Initiative

The Committee notes that AID has met the Congress's target of $15 million in increased forestry and energy programs related to global climate change. The Committee also notes with satisfaction AID's creation of 18 new direct-hire positions in the areas of energy and environment. The Committee has included bill language specifying that AID shall devote $30 million to its global warming initiative in fiscal year 1991.

The Committee is concerned that the Agency did not meet the April 15 deadline for submission of a report identifying key coun-

tries under the global warming initiative. Moreover, the Committee is particularly concerned that the Agency's Congressional Presentation for fiscal year 1991 did not include end-use energy efficiency initiatives in the key countries of Indonesia, where a national energy conservation program exists, and in Poland, where plans for a national energy conservation program are under consideration.

The Committee expects the Administrator to personally communicate to all Mission Directors the importance that Congress has assigned to the global warming initiative. The Committee further expects that AID's April 15 report, when submitted, will contain action agendas for AID forestry and energy conservation programs for all key countries, with particular emphasis placed on natural forest preservation and end-use energy efficiency. The Committee further expects that this report will detail the training programs that AID will implement for Agency personnel on the scientific and policy issues surrounding global climate change.

AID Office of Energy

The Committee notes with concern AID's failure to fund the Office of Energy at the level of $20 million as directed by Congress in fiscal year 1990. The Office of Energy should serve as a critical source of expertise for the Agency's global warming initiative and for its expanded programs in energy efficiency, renewable energy and "least cost" energy planning. The Committee expects that AID will comply with the Congress's direction and increase funding for the Office of Energy to $20 million in fiscal year 1990. The Committee has also included bill language to ensure that the Office of Energy will be funded at $20 million in fiscal year 1991.

The Office of Energy should also assist the MDBs in "least cost" energy planning and in preparing projects in end-use energy efficiency and renewable energy. To this end, the Committee expects the Office of Energy to devote $5 million toward the creation of a pilot preinvestment preparation facility, to be managed in cooperation with the Department of Energy, the Environmental Protection Agency and the Committee on Renewable Energy, Commerce and Trade (CORECT). This facility should be developed in close consultation with the World Bank, the Asian Development Bank, the African Development Bank, and the International Finance Corporation, and in cooperation with interested nongovernmental organizations and the renewable energy industry.

In addition, the Committee strongly urges AID's Office of Energy to devote $1.5 million to assist the United States renewable energy industry in providing training and assistance to potential overseas users and AID directors and advisors and renewable energy applications, of which $500,000 should support the PACSAT/VITASAT low-orbit satellite program. The Committee is concerned that its fiscal year 1990 directives regarding the satellites have not been fulfilled. The Committee also expects AID to support the Africa 1000 program, which should provide renewable energy applications to 1000 African villages by 1995.

The Committee also expects that AID will field at least four regional energy officers to be stationed in Asia, Latin America, Africa, and the Near East.

Tropical Forest Protection

The Committee restates and reemphasizes its instructions to AID that preservation of tropical forests should be a leading environmental priority. Last year, Congress directed AID to devote a modest portion of its forestry assistance toward forest preservation. The Committee now notes with concern that under the Tropical Forestry Action Plan, as it is currently structured, developing nations are expected to receive substantially increased resources for traditional forestry activities, including intensified logging in primary tropical forest areas. Consequently, the Committee believes that AID's limited resources are more urgently needed for efforts to preserve primary tropical forest areas than for efforts to log these areas.

Moreover, it is becoming increasingly clear that tropical forest preservation will be a critical element of two of AID's leading environmental initiatives—biodiversity and global warming. Recent scientific findings suggest that, for the purposes of stabilization of atmospheric concentrations of greenhouse gases, the preservation of primary forest ecosystems is critical to and superior to intensive management of those areas.

Accordingly, the Committee expects that AID will refrain from supporting any program, project or other activities which involve industrial timber extraction in primary tropical forest areas.

AID Personnel With Environmental Expertise

The Committee has included bill language giving AID the authority to use program funds to reimburse the full cost of employees and other personnel detailed to, or assigned, or contracted by AID to provide expertise in the environmental sector. The Committee has provided this authority for one year and expects AID to include in its fiscal year 1992 budget request for operating expenses funds necessary to pay for the cost of direct-hire employees.

Third World Toxic Waste Dumping

The Committee recognizes that waste and toxic dumping in the Third World have become a common practice of the more developed countries, including the United States. The Committee is particularly concerned about reports of United States companies attempting to export toxic ash to Nicaragua under the guise of using such material as landfill for road construction. Similar projects are being proposed for the disposal of United States toxic ash in other Central American countries, including Honduras and El Salvador. The Committee urges these countries to reject such proposals and recommends that United States Government Agencies discourage these types of ventures which attempt to dump United States waste and toxics in vulnerable developing countries.

IRENA

The Committee recommends AID urge the government of Nicaragua to empower IRENA, Nicaragua's natural resource agency, to initiate a natural resource planning process which would incorporate all levels and regions of the Nicaraguan society. The Committee further recommends AID to fund IRENA by providing salaries

to employ guards to protect threatened parks, lands, and water areas, establish preventive management on the most destroyed watersheds in Nicaragua, and to fund technicians to manage and protect Nicaragua's environment.

AID Forestry Program—Philippines

The Committee notes with concern that AID is planning a Natural Resources Management Program for the Philippines that would encourage industrial timber extraction on the last remaining old-growth dipterocarp forests in that country. As the Committee has noted in the past, the preservation of primary tropical forest ecosystems is critical to preserving biological diversity—one of AID's environmental mandates. Furthermore, recent scientific findings indicate that, for the purposes of stabilizing atmospheric concentrations of greenhouse gases—another of AID's environmental mandates—the preservation of primary forest ecosystems is superior to intensive management of those areas.

Having identified the Philippines as a key country under the global warming initiative, AID should make preservation of that country's last primary dipterocarp forests a central component of its Natural Resources Management Program. The Committee expects that the Natural Resources Management Program will not encourage industrial logging of these areas, and, instead, that it will support preservation of these areas, in part through encouraging the delineation and recognition of the ancestral domains of indigenous forest communities.

The Committee is also concerned that the Philippines Natural Resources Management Program would encourage increased imports of raw logs to increase output in the Philippines wood processing industry. Nations across Southeast Asia and the Pacific, as well as the United States, have recognized that decimating natural old-growth forests poses a serious risk to the wealth and biological diversity of forest ecosystems. Several Asian nations, including the Philippines, have already taken steps to limit the export of raw logs. AID should not be in the business of encouraging, albeit indirectly, increased exports of raw logs from other Asian and Pacific nations to the Philippines. The Committee expects that AID's Program will not encourage increased Philippine imports of raw logs from neighboring nations.

More generally, the Committee is concerned that AID has identified increasing output and productivity of the wood products industry—currently a minor contributor to both GNP and export earnings in the Philippines—as the primary goal for such a large program. Instead, in keeping with the Committee's directions concerning biodiversity and global warming, the Committee expects that AID will establish as the primary goals of the program preservation of primary dipterocarp forests and biological diversity and environmentally sustainable and socially equitable management of the Philippines' forest resources.

International Centre of Insect Physiology and Ecology (ICIPE)

The Committee notes with satisfaction that cooperation between AID and the International Centre of Insect Physiology and Ecology (ICIPE) has expedited identification and testing of eight low-cost

candidate livestock tick vaccines. In view of Africa's massive losses of livestock to disease and the grave impact this has on the Continent's ability to produce enough food, the Committee strongly urges USAID to continue to support ICIPE's core program and explore, with ICIPE, other assistance it can provide, particularly in the areas of biological pest control and integrated pest management research.

MONTREAL PROTOCOL FACILITATION FUND

The Committee has included a new general provision providing $10,000,000 for the Montreal Protocol Facilitation Fund. This fund will provide financial mechanisms to enable developing countries to meet the requirements of a present and a future strengthened Protocol.

Under Article 5 of the Montreal Protocol signed in 1987, the United States pledged to join other nations to provide financial assistance to poorer nations to help them convert away from ozone-destroying chemicals. Specifically, we are committed to "undertake to facilitate credits, guarantees or insurance programmes to Parties that are developing countries for the use of alternative technology and for substitute products."

Many developing nations have not agreed to join or fully participate in the Montreal Protocol, in part because they need financial assistance, and in part because they correctly feel that they did not cause the current hole in the ozone layer over the Antarctic. In June, the United States will attend a conference on the Protocol and ask developing nations to more fully participate in the Protocol. Having contribution money in hand will put the United States in the lead of this vital issue, give our negotiations much more leverage in these talks, and speed up the international response in the race to save the ozone layer.

The Committee expects that given the provision of these funds, and the obvious significant level of Congressional interest in the creation of such a fund, the U.S. position at the June conference on the Protocol should be in full and emphatic support of such a fund.

According to a letter from U.N. Environment Program Director Mostafa Tolba on April 4, 1990, the following activities have been proposed as requiring funding during the coming three years:

> "(a) Establishment of an executive committee or coordinating body to develop guidelines and to coordinate and oversee technical and financial assistance activities;
>
> "(b) Initiation of country and sector-specific studies and training courses and organization of regional workshops; and
>
> "(c) Initiation of project-specific feasibility studies and capital funding for first project proposals reaching the implementation state (e.g. aerosols, recycling, foams, solvents)."

HOSTAGES IN LEBANON

The Committee notes with dismay that six innocent American citizens are still held hostage in Lebanon by terrorist organizations.

Terry Anderson, the longest held hostage, has spent more than five years in captivity. The other five hostages are Thomas P. Sutherland, Joseph James Cicippio, Edward Austin Tracy, Alann Brad-

ford Steen, and Jesse Jonathan Turner. The Committee is outraged at reports of the murder of Lt. Colonel William Higgins over the past year.

While the Committee welcomes the release of two former hostages, Frank Herbert Reed and Robert Bruce Polhill, the Committee once again urges the Administration to explore all reasonable options to locate and release the remaining U.S. hostages held in Lebanon. The Committee also calls on the international community to work for the release of these and other hostages held in Lebanon.

COUNTRY ISSUES

China

The Committee remains concerned about the continuation of serious human rights abuses in China and Tibet, and the possibility of continued executions of Chinese individuals involved in prodemocracy activities.

The Committee notes that June 4, 1990 commemorated the first anniversary of the massacre of hundreds of prodemocracy demonstrators in Beijing in 1989. The Committee honors those who gave their lives for democracy and those who worked and continue to work for democracy in the People's Republic of China and Tibet.

The Committee notes that various provisions of law suspend or prohibit certain United States activities or programs affecting China, such as the Export-Import Bank, Overseas Private Investment Corporation, and the Trade and Development Program.

The Committee is concerned about the resumption of World Bank lending to the People's Republic of China. The Committee believes that the continuation of severe political repression in China and eroding economic freedom require the United States representative to the World Bank to oppose the resumption of lending to the PRC unless it is for projects with clear, specific basic human needs purposes. The Committee expects that the United States representative will work to ensure the continued opposition of other key bank member countries to a resumption of non-basic human needs lending to the PRC. This issue is discussed in further detail under the Multilateral Bank section of the report.

Egypt

The Committee has earmarked a total of $2,115,000,000 for Egypt including $815,000,000 in Economic Support Funds. Egypt also receives food assistance.

The United States provides this assistance because Egypt is a close friend of America and is located in an important region of the world, and because Egypt continues to play a positive role in the search for peace in the Middle East—especially through its participation in the Israel-Egypt treaty.

The Committee continues to be highly concerned about the economic situation of Egypt and continues to support substantial economic reforms for the Egyptian economy.

Egypt, in response to economic problems entered its first agreement with the International Monetary Fund in 1987. However, the IMF disbursements to Egypt were suspended soon thereafter.

In the interim, the Government of Egypt went through a Paris Club rescheduling of official debt. The Paris Club rescheduling was predicated on the prior IMF economic reform package. This process resulted in the rescheduling of $1,633,893,000 of debt payments owed the United States.

Egypt repaid the United States $79,266,000 in 1988. In 1989, Egypt paid the United States $187,296,000, but as of September 30th had accumulated $616,021,549 in arrearages. In 1990, Egypt is scheduled to repay the United States $1,091,678,966 of which over $720,000,000 is directly related to prior year military assistance loans. Scheduled total debt repayments from Egypt increase in 1991 and 1992, and reach a peak of $1,508,280,493 in 1993. The bulk of these payments are for prior military assistance loans.

Egypt has a total external debt of approximately $50,000,000,000 of which over $30,000,000,000 is held by official creditors. Bilateral official creditors hold most of this debt. The United States is owed about $12,000,000,000.

Egypt has a GNP per capita of approximately $650. It also has an external debt to export ratio of 351.9 percent, similar to the debt to export ratios found in many countries in sub-Saharan Africa.

The World Bank publication, "Trends in Developing Economies 1989," states:

> . . . moreover, the enormous foreign debt overhang will, for many years to come, severely limit the amount of foreign exchange available to Egypt for financing of development, unless debt relief was made available. On the other hand, where development constraints are policy induced they can be eased through appropriate reforms. . . . The key element determining further growth will be the ability of Egyptian decision makers to implement meaningful economic reforms fast enough without jeopardizing social and political stability.

The Committee believes that the Administration has not fully integrated these financial and economic realities into its foreign assistance policies regarding Egypt.

The Committee also is concerned that Egypt has not yet undertaken the magnitude of economic reforms necessary to turn their economic circumstances around. It is often stated that Egyptian nationals keep over $40,000,000,000 in personal funds in overseas accounts. While this is impossible to prove, if true, it illustrates the unwillingness of Egyptians to invest in their own country under current economic policies.

Further, the Committee notes that despite numerous additional negotiations and visits, Egypt and the International Monetary Fund have been unable to reach a second agreement.

The Committee believes that the greatest threat to the national security of Egypt in not military, despite the volatile international circumstances on its borders. Rather, the national security interests of the Government of Egypt and the economic interests of its

people are both substantially based in improving the ability of the Egyptian economy to provide a decent standard of living for the Egyptian people.

The Committee strongly believes that economic reforms must continue as quickly as possible. The Committee also believes that the Egyptian debt situation must be addressed. The Committee has included a provision in the bill which allows countries receiving foreign military assistance to use that assistance, if they choose, for the repayment of their military debts to the United States. In order to encourage the serious consideration of this alternative by the Government of Egypt, the Committee has further designated that $100,000,000 of the FMS funds for Egypt be used for this purpose.

The Committee believes that cash transfers remain useful tools to cushion the implementation of economic reforms in Egypt. The Committee continues to insist that cash transfers be made available only if Egypt undertakes significant economic reforms in addition to those taken in earlier years.

The Committee commends the Government of Egypt for its recent contributions to help get the peace process moving again and its support for the Administration's plan to begin a dialogue, elections and negotiations in the West Bank and Gaza.

El Salvador

Prospects for Peace

From 1980 to 1990 the United States has provided El Salvador $3.9 billion. In fiscal year 1991 the Administration has requested another $336,000,000. Ten years ago in March of 1980 the Carter Administration was pressing its request to renew non-lethal military aid to the new Salvadoran junta in the hope that aid would foster political and economic change in that strife torn country.

On March 24, 1980 Archbishop Oscar Romero was murdered while saying mass in San Salvador. Ten years have passed since his death and to date no one has been convicted. Although the case remains officially open, no significant judicial action has occurred in the past year.

Since 1980 we have seen 70,000 Salvadorans killed, 14 American officials killed, severe economic devastation, unemployment remains at 50 percent, ongoing official corruption within the government and armed forces, extreme poverty for the majority of Salvadorans and the continued polarization of that society.

One night last November in the midst of an FMLN offensive that paralyzed San Salvador, armed men entered the campus of the Central American University and brutally shot to death six Jesuit priests, their housekeeper, and her daughter. According to the Speaker's Special Task Force on El Salvador despite the fact that "a serious effort was made to identify those who actually killed the Jesuits, . . . the investigators made little effort to determine whether senior military officers other than Col. Benavides, might have a role in ordering, or in covering up, the crimes." The Task Force further concluded that "as of mid-April the investigation and preparations for prosecuting the case have come to a virtual standstill." In fact recently key evidence in the case including military

log books and diaries have been destroyed or have mysteriously disappeared. The task force report further states that "given the lack of ongoing efforts to gather new evidence against him, Col. Benavides may not even stand trial." President Cristiani himself has stated that he believes that Col. Benavides will be acquitted.

Clearly, it is time for a serious bipartisan reassessment of our policy towards El Salvador. Recently in the case of Nicaragua, a bipartisan agreement to end military aid to the Nicaraguan resistance eventually led to democratic elections and a new beginning for that country.

The House of Representatives recently took the first step towards this reassessment with the passage of restrictions on military aid to El Salvador. The Committee has included in this bill (Sec. 531) substantially the same provision. The only alteration to the language is the deletion of any conditionality on fiscal year 1990 assistance.

The polarization of Salvadoran society continues to worsen. Despite recent peace talks between the FMLN and Salvadoran government, human right abuses continue to be committed by both the Salvadoran Armed Forces and the FMLN.

The provision on El Salvador in this bill is designed to provide real incentives for both sides in this conflict to negotiate seriously for peace. It would make the level of military aid from the United States conditional not only on the behavior of the Salvadoran military but also on the behavior of the FMLN. It would make the FMLN pay a high price for new efforts to rearm or to discontinue negotiations. It also attempts to force the armed forces of El Salvador to support the elected civilian government and to respect human rights. The provision does not endanger the Salvadorn government, because it reduces military aid only if the FMLN is at the bargaining table, and not initiating a major offensive and not receiving significant shipments of lethal equipment. A full description of this provision can be found under the General Provisions section of this report.

It is time for the American people to send a strong signal to the Salvadoran people that it is high time to begin the process of healing in that country. Enactment of an effective mechanism that provides real incentive for both sides to negotiate is an absolute necessity. Continuing the status quo of renewing high levels of military aid with the expectation that it somehow provides an incentive to the Salvadoran military for restraint is long past. True reconciliation within that society will not be achieved until the people and, the government, the military and all elements of the conflict make that decision. Reconciliation will not in the end be driven by levels of military assistance provided by the United States. The House by its vote in May indicated its belief that reducing that aid with certain conditions remains the most effective tool the Congress has for sending clear signals, and urging that this process begin in earnest. The Committee is meeting its responsibility to the House and meeting its responsibility to American values by bringing this provision to the House floor for final approval.

Military Corruption

Recent allegations have surfaced regarding corruption within the Salvadoran military. The allegations involve alleged payroll pad-

ding, creating ghost employees, fraud within the commissary/cooperative system, resale of goods, individuals using their military rank to achieve unfair competitive status in private business practice, and questionable investment and lending practices with military pension funds.

According to the United States embassy the current assets of the Salvadoran military's pension fund exceed $100 million. Further, General Larios, the current Minister of Defense retained executive control of the pension fund, despite his recent promotion to the post.

According to recent news reports substantial investments have been made in real estate, including resort properties and office buildings in El Salvador. Also reenlistment in the Salvadoran army is allegedly discouraged as a means of building up the pension fund assets.

Further allegations have surfaced regarding El Salvador's military commissary cooperative system which is run by General Ponce, the head of the Salvadoran military. Essentially it is alleged that goods are imported duty-free by the cooperative then resold on the open market at a substantial profit.

In addition the entire payroll system of the Salvadoran military is structured so as to be an open invitation for corruption. A typical soldier has not only official deductions from his pay for the pension fund, but also unofficial deductions for uniforms, food and other assorted items. Official United States government documents acknowledge that payroll padding, irregular withholding procedures, questionable business practices and corruption does occur within the Salvadoran military.

While the Committee does not question the legitimacy of the existence of a military pension fund, nor does it intend to dictate accounting and payroll structures for the military it will not tolerate corruption.

So far efforts by the United States military group to take on this problem with the Salvadoran military have been non-existent. The fact that no funds from the United States are used for payroll purposes does not warrant a turning of the head. Funds from the United States constitute approximately 50 percent of the Salvadoran defense expenditures.

The Committee expects that issues relative to allegations of corruption within the Salvadoran military will be investigated by the Department of State, in conjunction with the Department of Defense. The Department of State is to report to the Committee by March 1, 1991 on corruption within the Salvadoran military. This report is to address the following concerns:

—the extent of payroll padding within the Salvadoran military;
—the extent of fraud within the military's commissary/cooperative system;
—the extent of private business holdings of high ranking El Salvadoran military officers;
—the appropriateness and extent of the real estate holdings of the military pension fund; and
—the appropriateness of the lending practices of the military pension fund.

GHANA

The Committee continues to be impressed with the efforts the government of Ghana is making to address the economic problems that west African nation faces. The Committee also continues to be disappointed with the lack of a meaningful United States response to those efforts. The Committee has discussed this issue at some length in its reports over the last several years. However, our message seems to have gone unheard within AID and at the State Department.

To keep the message simple, the Committee strongly recommends that economic assistance for Ghana be increased by at least the same percentage increase we are recommending for the Development Fund for Africa.

HAITI

The Committee recognizes that the new Government of Haiti has taken positive steps to restore order and place the country back on the path toward democracy. The Government has made significant progress in restoring the 1987 Constitution set aside by the previous military government. The Committee is encouraged by this movement towards a free and open democratic electoral process.

Congress provided funding for Haiti in the fiscal year 1990 supplemental appropriations bill of $10 million in development assistance. In addition, $3 million in Economic Support Funds were made available to support the democratic electoral process.

This year the Committee is removing the restrictions for suspending assistance to Haiti. Assistance is subject to the notification procedures of the Committee on Appropriations. The Committee's expectation is that the Administration will use fiscal year 1991 funds together with the previously appropriated Economic Support Funds to implement the electoral assistance program.

LIBERIA

Respect for basic human rights in Liberia has steadily worsened since 1980 when the Doe regime shot its way into power. Regrettably, there is no meaningful evidence to suggest that the Liberian government is doing anything to reverse this pattern. Indeed, there has been a significant further deterioration in human rights in Liberia during the past year.

Of particular concern to the Committee are the events in Nimba County since last December, where hundreds of innocent civilians of the Gio and Mano ethnic groups were slaughtered by Government troops and hundreds of thousands of people have been forced to flee into neighboring countries. In turn, the military forces of the National Patriotic Front opposing the Doe regime are also reported to have engaged in serious abuses of basic human rights.

The Committee is in agreement with House Resolution 354 passed on April 24, 1990, which urges the President not to resume military assistance to Liberia until the violence in that nation has ended, until the events in Nimba County have been fully and fairly investigated, and until refugees have been repatriated. In furtherance of that resolution, the Committee has included a provision

subjecting the provision of economic and military assistance to reprogramming procedures.

The Committee commends AID for its decision to end development assistance to Liberia this year. As AID has noted, the economic problems Liberia faces are largely due to the Doe regime's serious mismanagement of the economy and the absence of any commitment to needed economic reforms.

The Committee does not agree with the State Department that economic assistance should be resumed next year under the ESF program. Except for humanitarian assistance, the Committee does not believe economic assistance should be resumed until two steps are taken. First, free and fair elections must be held. The Committee notes that the last elections in Liberia were neither free nor fair.

In addition the Committee believes that non-humanitarian economic aid should not be resumed until that nation adopts and begins to implement a meaningful economic reform plan aimed at ending official corruption and at promoting a more equitable distribution of the benefits of economic growth.

Morocco

The Committee notes Morocco's continued cooperation with the United States and acknowledges the actions and positions of the Government of Morocco which have supported United States security interests and United States foreign policy.

The Committee also notes that Morocco's King Hassan II has long played an instrumental role as a moderate in the Middle East and as a bridge for communication between Arabs and Israelis. The King is the only leader of an Arab state other than Egypt to meet publicly with an Israeli Prime Minister. His hosting in 1982 of the first Arab summit to explicitly call for peace with Israel; his key role in securing Egypt's return to the Arab League; and his refusal to attend the recent Arab League meeting are all important steps which support United States regional efforts towards peace.

The Committee has in the past expressed its strong support for a negotiated political solution to the conflict in the Western Sahara, and is pleased that Morocco and the Polisario have agreed in principle to an internationally-recognized referendum. The Committee notes that the decision of King Hassan to meet with representatives of the Polisario was a positive step, and encourages further efforts to continue the momentum toward peace. The Committee urges the Government of Morocco and the Polisario to help complete the negotiation process through dialogue, as urged by the United Nations. The Committee encourages the Administration to support dialogue aimed at a peaceful political solution.

Mozambique

The Committee continues to be concerned over the ongoing violent conflict in Mozambique. Although there were hints late last year that the opposition group RENAMO would enter into discussions with the Government of Mozambique to end the conflict, these talks to date have not resulted in any decrease in the violence being inflicted on the people of Mozambique by RENAMO.

Human rights abuses continue to be reported for both the government military and RENAMO. The Administration's 1990 report to Congress on human rights abuses describes widespread horrors being inflicted by RENAMO: "Numerous other refugee accounts accuse RENAMO of systematically kidnapping civilians, including children, some in their early teens who are forced to bear arms for RENAMO. RENAMO also forces civilians, after an attack on their settlement, to carry confiscated items back to RENAMO camps; those prisoners too weak to keep up are sometimes killed. . . . Relief convoys, health workers, and clinics were frequently targeted for attack." The report also details atrocities such as the burning of civilian villages with residents locked in the houses and the torture and rape of women.

The Committee calls on the Administration to accelerate efforts to bring the Government and RENAMO to talks that will end the senseless killings and atrocities in Mozambique.

PHILIPPINES

Funding recommendations

The Committee has essentially treated the Philippines in this fiscal year in the same manner as in fiscal year 1990. The Committee has provided $160,000,000 for the Multilateral Assistance Initiative and has not earmarked specific amounts in military assistance, development assistance or in the Economic Support Fund. The Committee is well aware of the efforts during the past year by senior administration officials to publicly blame the United States Congress for cutting approximately $96,000,000 in fiscal year 1990 security assistance for the Philippines, which was not accurate. The Committee is disturbed by the Administration's game of blaming others for their own actions and decisions.

The Committee again has provided the Administration the flexibility to fund the Philippines security and development assistance accounts according to its own judgment and based upon its judgement concerning current developments in the relationship.

The Committee has previously noted that the Philippines is the recipient of very substantial levels of international assistance from all over the world. The total donor pipeline in December 1989 was estimated at $4,600,000,000, a 22 percent increase above the end-of-year 1988 pipeline.

The Committee is aware that substantial efforts have been made in order to manage the pipeline better. Disbursements improved in 1989 but not nearly as rapidly as new assistance was provided. As yet, the program statistics fail to indicate substantial pipeline management improvements. The Committee hopes that future pipeline statistics show marked improvement.

The Committee believes that the Brady Plan package to deal with the Philippine debt problem was poorly considered. It essentially provided an excuse to borrow new money, leaving the Philippines deeper in debt and no better able to repay. The result was a further shifting of the debt risk to the public sector. A solution to Philippine debt problems cannot happen without a willingness to address official lending.

Human rights

The Committee has repeatedly expressed its strong concern about human rights violations in the Philippines, and was thus pleased to note the State Department's assessment that in 1989 acts of political violence appeared to decline in absolute numbers from 1988, and that the Aquino government devoted increased attention to human rights training programs, better discipline, and improved civil-military relations.

However, the State Department's human rights report and information from a wide range of non-governmental organizations make it clear that serious problems still exist, both in terms of continued abuses by Philippine security forces and paramilitary groups, and the failure of the government to adequately investigate abuses and to try and punish those responsible.

The Committee recognizes that abuses by members of the Philippine armed forces are largely part of a cycle of violence in the ongoing war with the New Peoples Army, which has escalated its campaign of terrorism in the past year with despicable acts of violence including assassinations, kidnappings, and massacres of civilians.

Nevertheless, the Committee feels it is imperative that the Philippine government intensify its efforts to exercise control of renegade elements of the armed forces and the paramilitary Citizens Armed Forces Geographical Units (CAFGUs). Such control will never be achieved so long as human rights violators in the military are immune from prosecution and conviction, and are rarely even disciplined.

The Committee continues to be especially concerned about repeated military operations in the rural Philippines that have driven hundreds of thousands of civilians from their homes. Reports of indiscriminate strafing of villages are most disturbing. The Committee implores civilian authorities to prohibit the military from carrying out aerial bombings of population centers and to ensure that innocent civilians have adequate protection and assistance.

Finally, the Committee notes that United States military aid has not only been ineffective in improving the professionalism of the Philippine armed forces, it has also been ineffective in bringing about an end to, or even a lessening of, the armed conflict. The Committee urges the Administration to make every effort to work with the Aquino government in pursuit of a peaceful settlement of that war.

Somalia

The Committee remains concerned about continuing human rights abuses in Somalia. Earlier this year President Siad Barre articulated his own position on human rights: "I believe human rights is a political instrument aimed to destroy certain countries or certain governments, nothing else." Given this view, it is not surprising that Somalia's record on human rights remains one of the worst, with such abuses as political and extra-judicial killings, torture, arbitrary arrest and lack of fair trial still prevalent.

The facts speak for themselves. Hundreds of civilians suspected of being rebel sympathizers were systematically executed by Government troops during the past few months, bringing the number of deaths due to civil strife to 55,000-60,000 over the past two years. Most of these deaths came at the hands of the Somali army. Refugees now total 500,000 as fighting has spread throughout the country. At this time national reconciliation appears distant.

United States aid programs have been ended in Somalia because of these human rights abuses and because of pressure from this Committee. The Committee commends AID for its decision to end development assistance to Somalia this year. The Committee does not agree with the State Department that aid should resume next year, particularly since it is unlikely Somalia will be able to make the requisite payments to lift sanctions under the so-called Brooke amendment. The Committee sees no justification for the provision of any military assistance to the Siad Barre regime.

The Committee will continue to closely monitor the human rights situation in Somalia for improvement. Evidence of such improvement would include full access and mobility for international human rights observers, free and fair multiparty elections, and adoption of a new constitution. Because Somalia has a record of making promises that are not fulfilled, however, plans for national reconciliation, including multi-party elections and the drafting of a new constitution, are viewed at this time with considerable skepticism.

SUDAN

The Committee continues to be troubled by the downward direction of events in Sudan, the largest country in Africa. Recurrent drought, plagues of locusts and rats, a major flood, a protracted and bloody civil war, and a rapidly deteriorating economy have wrought widespread suffering and continuing decline in the already abysmally low standard of living for the vast majority of the Sudanese people.

At least 250,000 persons starved to death in recent years due to the civil war and the Sudanese government's indifference to providing needed food. This facilitated a military coup last year. But instead of relief and reform, the new government, under the leadership of Lt. General Omar Hassan al-Bashir, has only aggravated the level of widespread suffering and despair.

Human rights violations are now rampant in Sudan. Political dissenters—including academics, lawyers, doctors, and journalists—are detained without charge or trial. Armed militia have slaughtered dissident tribespeople, refugees have been used as shields against rebel advances,-and a policy of undermining the status of women has begun. Currently, an estimated 3 million Sudanese are homeless and 500,000 are at risk of death from war or famine.

In response to a suspected coup, the Bashir regime recently executed 28 officers without an investigation or due process. General Bashir charged that those executed sought to end the rule of Islamic law, restore secular civilian government, and sought accommodation with southern rebels, goals that the Committee deems eminently reasonable.

For many years Sudan was the largest recipient of United States assistance in sub-Saharan Africa. Although relief efforts by the United States should continue in Sudan as needed, economic and military aid has been phased out, largely under pressure from this Committee.

The Committee sees no reason for the United States to resume assistance until the Bashir regime dramatically improves its human rights record, adopts meaningful and equitable economic reforms, and begins to address the problems of the poor majority. In the meantime, the Committee will continue to carefully monitor events in Sudan.

TUNISIA

The Committee is encouraged by the progress made by the Government of Tunisia toward political and economic reforms. The government has instituted a structural adjustment plan supported by the World Bank, the International Monetary Fund and the U.S. Tunisia has met or exceeded all of the targets established with the IMF.

On the political side, Tunisia held its most open and free elections in April, 1989 with a wide range of political parties participating. Most political parties have been legalized, and thousands of former prisoners have been released from jail with their civil rights restored in a general amnesty announced by President Ben Ali.

These political liberalization and economic structural changes have continued despite severe economic problems. The effects of a two-year drought have reduced grain production in Tunisia by 85 percent causing the government to spend more than 10 percent of its budget on unanticipated grain imports. Recent flooding in central and southern Tunisia have caused extensive damage to infrastructure and housing.

Despite the economic situation, Tunisia has met all of its debt repayments. Their total debt service to the United States Government is more than $100 million. In fiscal year 1991 Tunisia will repay over $52 million on previous FMS debts, or nearly $10 million more than they will receive in FMS and ESF in fiscal year 1990.

The fiscal year 1991 requests for Tunisia are $10.9 million in ESF and $30 million in FMS. The Committee believes that Tunisia needs economic and security support at at least current levels during this period of political and economic transition. Relatively few dollars invested in this good friend of the United States will have a significant long-term impact.

ZAIRE

The Committee is concerned that widespread human rights abuses and systematic governmental corruption in Zaire have continued unabated year after year. Reports continue on the torture and killings by Zaire's security forces, and the general failure to investigate, bring to trial, or punish those responsible for such abuses. The State Department's annual Human Rights Report on Zaire noted that various police and military organizations have fre-

quently abused their authority through "arbitrary harassment, physical mistreatment, and unauthorized detention of ordinary citizens as well as political opponents of the Government."

The Committee does not believe that the United States interests in Zaire should override our concerns with respect to corruption and human rights abuses. The Committee seriously questions the Administration's insistence on providing United States taxpayer dollars to a government whose Head of State has reportedly amassed a personal fortune of as much as $6 billion, while Zaire remains a very poor country with a per capita income level of only $150.

The Committee's skepticism has continued to be reinforced by President Mobutu's inability to fulfill promises for democratic reforms. His recent announcement to move to a multiparty system of government with more political freedoms was followed a week later by his assertion that the reforms would be delayed. He further proclaimed that the Chief of State would be the "unifier and common denominator above and beyond all the political forces that will be formed."

In light of these concerns, the Committee has taken several actions to restrict United States foreign assistance to Zaire. All development assistance to Zaire is to be provided only through private and voluntary organizations. The assistance is subject to the regular notification procedures of the Committees on Appropriations. No assistance will go through the government of Zaire. In addition, the Committee prohibits any military aid or Economic Support Funds from being provided to Zaire.

TITLE I—MULTILATERAL ECONOMIC ASSISTANCE

INTERNATIONAL FINANCIAL INSTITUTIONS SUMMARY

Fiscal year 1990 level	$3,352,489,036
Fiscal year 1991 request	7,250,348,633
Committee recommendation	5,839,430,093

The Committee recommends a total level of funding as shown above for the nine international financial institutions involved in this bill (International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Fund, the African Development Fund, the African Development Bank, the European Bank for Reconstruction and Development, and the Enhanced Structural Adjustment Facility of the International Monetary Fund.)

The following represents the proposed and actual distribution of International Financial Institution funding.

	Fiscal year 1990	New budget authority estimate fiscal year 1991	Committee recommendation
Budget authority	$1,608,587,696	$1,816,891,137	$1,685,890,473
Callable capital	(1,743,901,340)	(5,433,457,496)	(4,153,539,620)
Total	3,352,489,036	7,250,348,633	5,839,430,093

U.S. INTEREST IN THE MULTILATERAL DEVELOPMENT BANKS

The multilateral development banks are among the most cost effective but least understood instruments through which the United States attempts to pursue its foreign policy objectives abroad. The United States contributes to the multilateral development banks in order to promote economic development in the third world. These contributions are motivated strongly by our own self-interest and by our humanitarian interests. Our contributions to these banks are based primarily on our belief that continued economic growth, especially market oriented growth, leads to increased political stability; and on our belief that increased economic and political stability strengthens world economic relations, which in turn results in better and larger markets for American goods. Often criticized, these institutions remain one of the most important foreign policy tools that can be used to serve important U.S. economic, political, security and humanitarian objectives throughout the world.

The United States is currently a member of four multilateral development banks: the World Bank and the regional development banks for Africa, Asia and Latin America. Each of these institutions has a "hard" and "soft" loan window. The "hard" loan windows typically lend at commercial rates to middle-income develop-

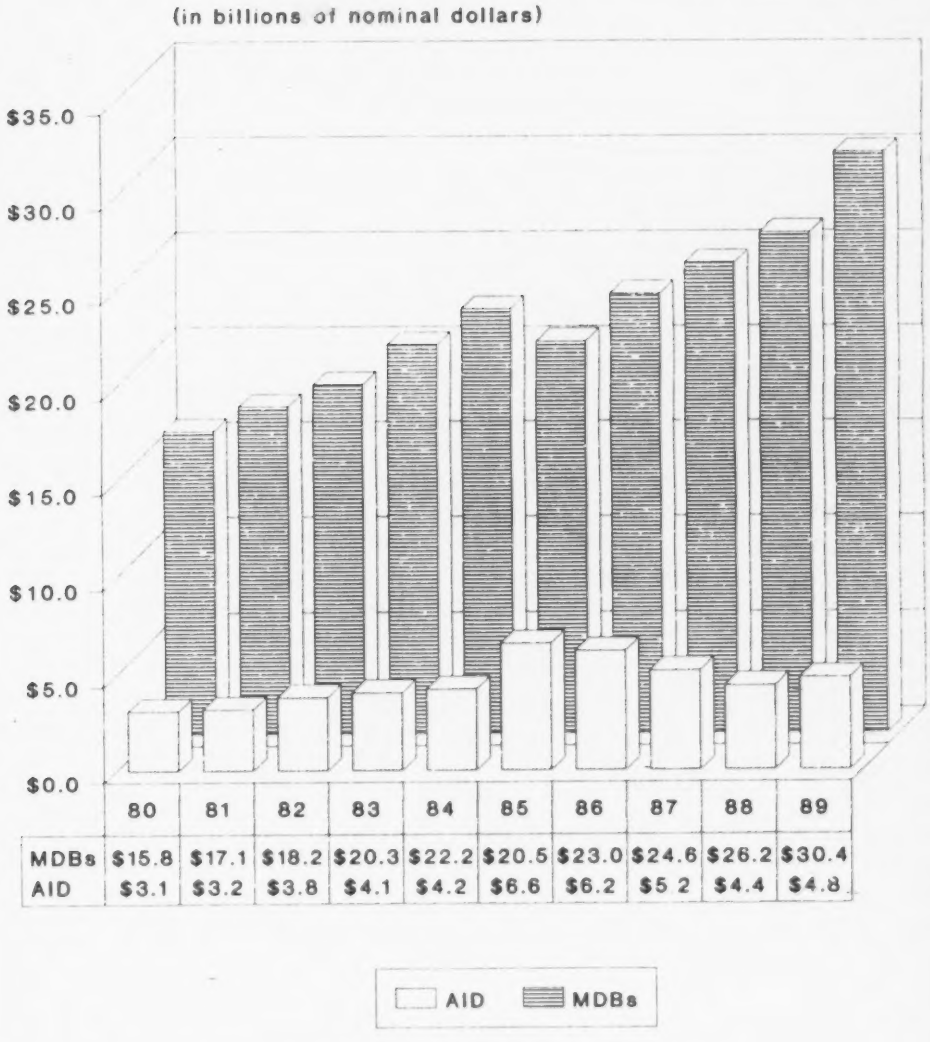
ing countries and to poorer countries with good credit ratings. The "soft" loan windows lend at concessional rates to the very poorest countries. In addition, a number of specialized agencies of the banks promote investment in developing nations. Collectively, these institutions seek to build and maintain an international economic framework that is open, predictable, growth-oriented and equitable.

U.S. humanitarian and economic interests are served by development bank lending for activities designed to alleviate poverty, promote basic human needs, and foster equitable economic growth in the poorest nations of the world.

The United States also has important political and security interests in many of the developing nations. The banks play a critical role in promoting these interests. For example, of total World Bank lending in fiscal year 1989, 90 percent was provided to countries that received some form of bilateral U.S. security assistance in that year. Much of the balance went to countries with which the United States has good relations, such as Hungary and Mozambique. The United States has an interest in encouraging more western-oriented economies in these countries, and in fostering less dependence upon the Soviet Union.

As the chart below suggests, the banks collectively provide far more economic assistance to important U.S. friends and allies than does the United States bilaterally. Much of it goes to close friends and allies. For every $1 in economic aid that the United States provided to base rights countries with which we have defense cooperative agreements between 1986 and 1989, for example, the development banks provided more than $5. The banks provided over $6 in economic aid to front-line states between 1986 and 1989 for every $1 the United States provided on a bilateral basis. While the banks provided less assistance to Central America than the United States during the same four years, the U.S. provided no economic assistance to Argentina, Brazil, and Mexico. By contrast, the development banks provided more than $17.8 billion between 1986 and 1989.

ECONOMIC ASSISTANCE COMPARED
THE DEVELOPMENT BANKS PROVIDE MORE THAN
THE AGENCY FOR INTERNATIONAL DEVELOPMENT



	80	81	82	83	84	85	86	87	88	89
MDBs	$15.8	$17.1	$18.2	$20.3	$22.2	$20.5	$23.0	$24.6	$26.2	$30.4
AID	$3.1	$3.2	$3.8	$4.1	$4.2	$6.6	$6.2	$5 2	$4.4	$4.8

MDB commitments excluding IMF, IFC & IIC
AID development and ESF obligations

Taking all of these countries together, the development banks provided more than $6.50 in economic aid for every $1 the United States provided bilaterally between 1986 and 1989. The point is not to suggest that the United States is not doing enough. It is only to note that the cost of duplicating bilaterally what the development banks provide multilaterally would be excessive.

In short, at a time when budget constraints are real, the role of the development banks takes on added importance precisely because other nations do share the financial burden and because the banks are able to leverage resources provided directly by donor nations to raise additional resources in private money markets. The MDBs are now lending funds at the rate of about $30 billion annually. United States financial support has averaged about $1.4 billion in recent years. That means United States dollars are multiplied over 21 times through the intermediation of private capital markets, retained earnings, repayments on earlier loans, and the contributions of other donors. However, United States financial support of the MDBs does more than leverage United States dollars to promote growth in developing countries and advance American humanitarian concerns—it leverages United States international leadership.

In addition to lending funds, moreover, the development banks provide policy guidance and technical services to developing nations. They also serve as focal points for donor coordination and for research on development issues.

American firms benefit directly from United States participation in the multilateral development banks. In fiscal year 1989, for example, the Treasury Department reports that American firms received $1.4 billion in disbursements for foreign procurement from the World Bank alone.

Admittedly, the development banks are imperfect instruments for advancing U.S. interests. Like other large organizations, they have many flaws. Because the United States is only one of many governing members, they sometimes lend to countries with which either conservatives or liberals would take issue. At other times, they approve loans for projects and activities with which many disagree. However, the United States retains enormous influence in these institutions, influence it is in our interest to preserve.

The Committee has played a vigorous role in pressing for needed reforms in the development banks in the past. It will continue to do so in the future. On balance, however, the Committee is convinced that these institutions play a critical role in advancing American interests abroad.

ENVIRONMENTAL CONCERNS

The Committee continues to be concerned regarding environmental issues pertaining to the international financial institutions. The Committee supports institutional reforms at the banks which focus on sustainable natural resource use and the rights and welfare of indigenous people in the borrowing nations. This subject is addressed in greater detail earlier in the report.

CONTRIBUTIONS FOR ARREARAGES TO THE INTERNATIONAL FINANCIAL INSTITUTIONS

The Committee recommends a total of $278,797,530 for arrearages to international financial institutions. This funding is the Committee's recommended contribution in fiscal year 1991 toward meeting past due commitments totaling $278,797,530.

The Committee believes that old bills should be paid before new commitments are undertaken. Consequently, the Committee is pleased that the Administration requested funding to cover all arrearages for fiscal year 1991. The Committee has provided funding for the existing arrearages as follows:

ARREARAGES SUMMARY

Institution	Request	Recommendation
International Bank for Reconstruction and Development	$40,466,077	$40,466,077
International Development Association	4,149,500	4,149,500
International Finance Corporation	40,330,972	40,330,972
Inter-American Development Bank	135,957	135,957
Fund for Special Operations	274,016	274,016
Inter-American Investment Corporation	25,500,000	13,000,000
Asian Development Fund	155,739,050	155,739,050
African Development Bank	1,148,458	1,148,458
African Development Fund	451,500	451,500
IMF/ESAF	10,602,000	10,602,000
Total	278,797,530	278,797,530

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)

Fiscal year 1990 level	$1,659,457,200
Fiscal year 1991 request	3,010,202,650
Committee recommendation	1,669,693,160

The following represents the proposed and actual distribution of the International Bank for Reconstruction and Development (IBRD) funding:

	Fiscal year 1990 level	New budget authority estimate fiscal year 1991	Committee recommendation
Paid-in capital	$49,785,792	$110,592,409	$50,000,795
Callable capital	(1,609,671,408)	(2,899,610,241)	(1,619,692,365)
Total	1,659,457,200	3,010,202,650	(1,669,693,160)

The Committee has recommended funding for the International Bank for Reconstruction and Development of $1,669,693,160 for fiscal year 1991. This recommendation is explained in detail in the "Items of Special Interest" portion of this report under the "International Debt Crisis" section.

HISTORY

The International Bank for Reconstruction and Development (IBRD), known as the World Bank, was established largely under

United States leadership in 1945 through the Bretton Woods Agreement to make or guarantee loans for productive reconstruction and development projects. This has been accomplished both through its own capital, provided by member governments, and through the mobilization of private capital in international financial markets.

The Bank makes loans at near market terms from its capital resources which consist of (1) paid-in capital subscriptions of members, and (2) members' callable capital subscriptions which are used to support borrowings in capital markets. The Bank's principal role today is making long term credit available for productive projects, at near market interest rates, which will lead to economic growth and social development in its less developed member countries. As of April 30, 1990 the World Bank had 151 member countries, and had made cumulative loans of $184.3 billion, of which $124.7 billion had been disbursed.

United States membership in the IBRD and an original capital subscription of $3.175 billion (34 percent of the total) were authorized in 1945 (Public Law 79-171). U.S. subscriptions now total $19.606 billion or 5.95 percent of the total $23.688 billion subscribed capital.

The interest rate on IBRD loans as of January 1, 1990 is 7.75 percent. Repayment terms are 15 to 20 years, after a grace period of 3 to 5 years.

Contribution to the International Development Association

Fiscal year 1990 level	$960,850,500
Fiscal year 1991 request	1,064,149,500
Committee recommendation	1,064,149,500

The Committee has provided a total of $1,064,149,500 for the International Development Association, of which $4,149,500 is for arrearages and $1,060,000,000 is for new contributions.

LENDING TO CHINA

The Committee had included a provision in the bill that requires the President to withhold the United States proportionate share of any non-basic human needs loans approved for China since January 1, 1990. To date no such loans have been approved and thus no funds would be withheld at this time. However, circumstances could change in the future.

The Committee is faced with a dilemma. On the one hand, it does not believe the World Bank should be conducting business as usual with China. On the other hand, it is not our intent to punish the people of China, who have suffered sufficiently already at the hands of an aging and privileged elite that has little concern for the aspirations of the people of this great nation. Nor does the Committee wish to punish poor people in the many other poor countries to which IDA lends.

Nonetheless, the Committee strongly disagrees with the management of the World Bank, which apparently cannot understand that civilized people do not wish to provide financial support to a regime that treats its people in barbaric ways, and that has reversed the economic reform process previously underway.

The Committee is wholly unimpressed with protestations by the leadership of the Bank that it is solely an economic institution. It is remarkable that they understand the role of the Bank so poorly and that they fail to understand the inter-connection between market economies and democratic societies. Even the Soviets historically, as evidenced by their public complaints, have understood the role of the Bank as an instrument of the extension and expansion of Western political and economic values.

The Committee wishes to commend the Treasury Department for the leadership it has thus far provided on this issue. To date it appears the Department has worked to rally our friends and allies to prevent the resumption of non-basic human needs lending to China. However, the Committee understands that future lending may be for activities that do not directly promote the basic needs of the Chinese people and that the consensus supporting the U.S. position is eroding.

The provision the Committee has included in this bill represents a delicate bipartisan compromise. It requires the President to withhold from obligation our share of non-basic human needs loans approved by the Bank for China after January 1, 1990. The provision also allows the President to release these funds if he determines it is the national interest to do so. However, the Committee strongly urges the President not to do so until the government of China institutes specific reforms that ease the repression in that country.

The Committee wishes to advise the management of the Bank that, absent significant change in China, increasingly severe sanctions will be directed against the Bank if it chooses to ignore the wishes of civilized people and engage in business as usual with a cruel and tyrannical regime.

HISTORY

The International Development Association (IDA) is the concessional lending affiliate of the World Bank Group. It was established largely at the initiative of the United States in 1960 to finance high priority economic development projects in the less developed IBRD member countries since the normal IBRD lending terms, at near market interest rates, makes borrowing more difficult for those countries. It does this by providing long term credits at a nominal service charge. As of March 31, 1990, IDA had 137 member countries and had made cumulative credit commitments of $57.5 billion, of which $40.2 billion had been disbursed.

Beginning with the eighth replenishment of IDA resources, IDA credits are for 40 years for the least developed countries and 35 years for other recipients. Credits continue to bear no interest, and grace periods will be maintained at 10 years for all countries. After the grace period, 2 percent of the credit is repaid annually for a period of 10 years. In the remaining years, 4 percent is repaid annually. There is an annual service charge of 0.75 percent on the disbursed portion to cover administrative costs.

These funds would be the first appropriation for the ninth replenishment of IDA. The total United States share of the ninth replenishment amounts to $3.18 billion, or 21.61 percent of the total.

CONTRIBUTION TO THE INTERNATIONAL FINANCE CORPORATION

Fiscal year 1990 level	$74,606,500
Fiscal year 1991 request	40,330,972
Committee recommendation	40,330,972

The Committee has provided a total of $40,330,972 for the International Finance Corporation, of which $40,330,972 is for arrearages.

Given the vast private sector opportunities opening in Eastern Europe and the fact that AID and the new EBRD will take some time to begin operations, the Committee believes that we must provide full funding for the IFC. The IFC is the only major governmental private sector lender operating currently in Eastern Europe. It has an ability to provide funding to Eastern Europe faster and better than any other institution currently operating.

With this demand for private sector resources, the Committee also supports the current discussions about a new capital increase for the IFC. The IFC's method of financing development, without the cover of government guarantees and requiring private sector partners, is the key to sustainable economic growth. Without a capital increase, the IFC's operations will focus on projects yielding higher rates of return, mainly located in Latin America. With an increase, it would be able to expand its high cost small business development activities in Africa.

HISTORY

The International Finance Corporation (IFC), a member of the World Bank Group, was established in 1956 to further economic development by encouraging the growth of private enterprise in developing countries. IFC provides and mobilizes loans and equity investment for promising ventures, and provides technical assistance. During fiscal year 1989 the Corporation approved 90 projects in 33 countries totaling $1.7 billion. An increase of $650,000,000 in the IFC's capital was agreed to in 1984 with payments on the capital increase expected over the 1985–89 period.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

FUND FOR SPECIAL OPERATIONS

Fiscal year 1990 level	$63,450,613
Fiscal year 1991 request	20,850,016
Committee recommendation	20,850,016

INTER-REGIONAL PAID-IN CAPITAL

Fiscal year 1990 level	$31,482,026
Fiscal year 1991 request	57,449,324
Committee recommendation	57,449,324

THE INTER-AMERICAN INVESTMENT CORPORATION (IIC)

Fiscal year 1990 level	0
Fiscal year 1991 request	$25,500,000
Committee recommendation	13,000,000

LIMITATION ON CALLABLE CAPITAL

Fiscal year 1990 level	0
Fiscal year 1991 request	($2,235,076,561)
Committee recommendation	($2,235,076,561)

The Committee has provided $20,850,016 for the Fund for Special Operations, $57,449,324 for the inter-regional paid-in capital, $13,000,000 for the Inter-American Investment Corporation, and a limitation on callable capital of $2,235,076,561. These amounts fully fund the Inter-American Development Bank as requested with the exception that the Inter-American Investment Corporation has been cut approximately 50 percent below the fiscal year 1991 request.

The Committee is pleased to note that the Inter-American Investment Corporation, after several years of start-up pains, has begun to develop private sector loan and equity investments and has concluded lending project agreements in Argentina, Brazil, Chile, the Dominican Republic, Mexico, and Uruguay. The Committee notes that the IIC has made only a few relatively large loans so far. The Committee believes that the IIC should be able to fund substantially more projects during the next fiscal year. The Committee also believes that the IIC should stress small scale loans as the focus of its attention, thereby serving as a regional model for the larger globally oriented International Finance Corporation (IFC), which has a similar charter. The Committee has provided less than the full amount for the IIC in order to closely watch its investment record during the next year and because of budget outlay shortages.

The Committee is encouraged by the creation of the Environmental Protection Division within the Bank, by the decision to adequately staff that division, and by the apparent seriousness of efforts to integrate environmental components into the financial structure of several major lending projects. The Committee urges the Division and the Environmental Management Committee, which has reviewed projects in the field, to continue to include environmental chapters in individual country lending strategy documents throughout Latin America and the Caribbean.

HISTORY

The Inter-American Development Bank is an intergovernmental organization, corporate in form, whose capital stock is owned by its member governments. It was established in 1959 to promote economic development in the developing countries in the Western Hemisphere. It does this by extending loans for specific development projects. It makes loans at near market terms from its ordinary capital resources which consist of (1) paid-in capital subscriptions of members, and (2) members' callable capital subscriptions, which are used to support borrowings in capital markets. As of the end of December 31, 1989, the IDB had 27 Western Hemisphere member countries, including the United States and Canada but excluding Cuba. In addition, seventeen nonregional countries (fifteen European countries plus Japan and Israel) have formally joined the Bank. Cumulative ordinary/inter-regional capital loan commitments were $30.1 billion on December 31, 1989.

In addition to its ordinary capital lending operations, the IDB extends loans from the resources of the Fund for Special Operations (FSO) in circumstances where financing at near market rates of interest is not appropriate. FSO loans are made on concessional terms and are extended entirely from paid-in contributions provided by the United States and other members of the Bank. The FSO was established in 1959 as an integral element in the Bank's lending operations. As of December 31, 1989 cumulative loan commitments for the FSO totaled $10 billion.

In 1986 the Inter-American Investment Corporation (IIC) was formally established as an affiliate of the IDB. The IIC is a multilateral organization designed to support private sector activities in Latin America and the Caribbean through equity and loan investments that focus primarily on small- and medium-scale enterprises. The initial capitalization of the IIC totals $200 million divided as follows: Latin America and the Caribbean, 55 percent; non-regional countries, 19.5 percent; and the United States, 25.5 percent or $51 million. The IIC completed its first lending operation in 1989.

The ordinary capital resources of the Bank are used to provide "hard" loans to countries in Latin America. The interest rate on loan disbursements in 1990 is 8.0 percent. The terms are usually 15 to 25 years with grace periods equal to the time necessary for project completion plus 6 months.

The Fund for Special Operations is used to provide concessional loans to Latin American nations. The interest rates on these loans run from 2 to 4 percent and the terms are usually 25 to 40 years with grace period from 5 to 10 years.

Contribution to the Asian Development Fund

Fiscal year 1990 level	$174,972,914
Fiscal year 1991 request	301,809,000
Committee recommendation	243,900,000

The Committee has provided $243,900,000 for the Asian Development Fund for fiscal year 1991, of which $155,739,050 is provided in order to meet arrearages and $188,160,950 is provided toward current payments.

The Committee congratulates the Administration for selecting a knowledgeable experienced career professional as its candidate for Vice President of the Asian Development Bank. The Committee is disturbed that the Japanese president of the Bank has requested additional American candidates for the position when the proposed individual is so obviously well qualified.

The Committee encourages the Administration to continue pressing for the selection of its candidate for this position. The Committee also encourages the Administration to continue pressing for management and policy reforms within the Asian Development Bank.

HISTORY

The Asian Development Bank is an inter-governmental organization, corporate in form, whose capital stock is owned by its member governments. It was established in 1966 and began ordinary capital lending operations in 1968. The ADB assists in the financing of eco-

nomic development projects and programs in the developing member countries of Asia and the Pacific region. The Bank makes loans at near market interest rates from its ordinary capital resources which consist of (1) paid-in capital subscriptions of members, and (2) proceeds of borrowings in private capital markets which are based on members' callable capital subscriptions. As of December 31, 1989, the ADB had 47 member countries—31 regional countries, three of which are classified as developed (Japan, Australia and New Zealand) and 14 developed non-regional countries, including the United States, Canada, and 13 European countries. As of December 31, 1989 cumulative ordinary capital loan commitments were $19 billion.

In addition to its ordinary capital lending operations, the ADB extends loans at concessional rates from funds provided by various ADB member governments. These special funds are used to finance high priority economic development projects in the poorest ADB member countries. As of December 31, 1989 cumulative loan commitments from the Asian Development Fund (ADF) totaled $9.6 billion.

The ordinary capital resources of the Bank are used to provide "hard" loans to countries in Asia. The U.S. contribution to the most recent replenishment represents 16.3 percent of the total proposed contributions. The interest rate on these loans was 6.33 percent on January 1, 1989. The loan repayment terms usually run 10 to 30 years, after a grace period of from 2 to 7 years.

The Fund is used to provide concessional loans. The loans are provided to the countries at no interest. A service charge of 1 percent is levied, with 35–40 years repayment schedule, after a 10 year grace period.

Contribution to the African Development Fund

Fiscal year 1990 level	$104,548,500
Fiscal year 1991 request	105,451,500
Committee recommendation	105,451,500

The Committee has recommended $105,451,500 for the African Development Fund. The Committee believes that these funds are badly needed for development and poverty alleviation in Africa.

HISTORY

The African Development Fund (AFDF), a special fund associated with the African Development Bank (AFDB), was established in 1973. The purpose of the AFDF is to complement the operations of the AFDB by providing acutely needed concessional financing for high priority development projects in the poorest African countries. The Fund consists of 25 non-regional donor countries, plus the AFDB representing all of its members.

The African Development Fund is a separate entity from the AFDB, with its own independent decision-making process and financial autonomy. The Fund's Board of Directors is composed of twelve directors, six elected from the donor countries and six from the Board of Directors of the Bank. The directors designated by the donor countries have 50 percent of the voting power and the direc-

tors designated by the Bank have the other 50 percent. A 75 percent weighted vote is required for all operational decisions.

Although all members of the Bank are eligible to borrow, the Fund has restricted its lending to the poorest members. The Fund has concentrated its resources on agricultural and transportation projects.

These loans are provided at no interest. A service charge of 0.75 percent is assessed annually. There is a 50 year repayment schedule after a 10 year grace period. As of December, 1989, the Fund's cumulative lending amounted to $5.2 billion.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK

Fiscal year 1990 level	$143,722,783
Fiscal year 1991 request	145,525,060
Committee recommendation	145,525,060

The following represents the proposed and actual distribution of the African Development Bank funding:

	Fiscal year 1990 level	New budget authority estimate fiscal year 1991	Committee recommendation
Paid-in capital	$9,492,851	$10,135,766	$10,135,766
Callable capital	(134,229,932)	(135,389,294)	(135,389,294)
Total	143,722,783	145,525,060	145,525,060

The Committee has recommended full funding for the African Development Bank. It has come to the attention of the Committee that the U.S. Executive Director of this international financial institution has a different personnel status than that of other similar institutions. The Committee believes that the U.S. Executive Directors of the various institutions under normal circumstances should have the same personnel status.

HISTORY

The African Development Bank was established in 1964 to make loans at near market terms for the economic and social development of its fifty African members individually and through regional cooperation. In December 1982, the Bank's membership was opened to non-African countries. The United States joined the Bank on February 8, 1983. As of December 31, 1988, 25 non-African countries have become Bank members, joining the 50 African members.

To meet the challenge of Africa's poverty, loans are provided primarily to strengthen agriculture and to finance critically needed infrastructure projects. As of December 31, 1988, cumulative Bank lending amounted to more than $9.4 billion. The lending rate was 7.5 percent as of January 1990, while repayment periods were 12 to 20 years. The grace period on repayment of principal is equal to the time required for project construction.

Enhanced Structural Adjustment Facility

INTERNATIONAL MONETARY FUND

Fiscal year 1990 level	$139,398,000
Fiscal year 1991 request	10,602,000
Committee recomendation	10,602,000

The Committee recommends $10,602,000 for the Enhanced Structural Adjustment Facility (ESAF) of the International Monetary Fund.

Last year the Committee heard testimony that if the United States had agreed to participate in the ESAF in the same proportion that it participates in the IMF, the U.S. contribution would have had to be approximately $1,600,000,000. The United States contribution to date, including the fiscal year 1991 recommended amount, will only total $195,000,000. Yet, these funds primarily benefit the poorest countries, particularly those in sub-Saharan Africa. The Committee believes that it would be appropriate for additional funds to be requested in this account in future years.

The Committee included a provision related to the debt burdens of the poorest countries in Public Law 100–461. Section 572 of that law provided certain flexibility to AID to address the debt problems of relatively least developed countries that are making a serious effort to address their economic problems. To date the Administration has chosen to use this authority solely to address debt problems of countries in sub-Saharan Africa.

Restricting country eligibility in this manner was not the intent of the law. The Committee encourages the Administration to specifically address the debt problems of Bangladesh. Bangladesh, a desperately poor country with a per capita GNP of approximately $170, has faithfully paid its debts to the United States government over the years. By any definition, it is a relatively least developed country.

The Committee strongly encourages the Administration to review its current country eligibility policy and to extend the relief contemplated by section 572 to truly needy relatively least developed countries such as Bangladesh.

Contribution to the European Bank for Reconstruction and Development

Fiscal year 1990 level	$0
Fiscal year 1991 request	233,402,000
Committee recommendation	233,402,000

The following represents the proposed and actual distribution of the European Development Bank funding:

	Fiscal year 1990 level	New budget authority estimate fiscal year 1991	Committee recommendation
Paid-in capital	$0	$70,020,600	$70,020,600
Callable capital	0	(163,381,400)	(163,381,400)
Total	0	233,402,000	233,402,000

The Committee has recommended full funding for the European Development Bank. The Committee believes that this new institution will become an important element in the transition of the Eastern European countries into market economies and in stabilizing the political situation in that region.

The Committee has included language in the bill that prevents the obligation of funds until the completion of official and commercial debt adjustment agreements for Poland, as required by General Provision Section Number 579, except funds may be provided through the notification process of the Committee. The Committee has taken this action because it believes that it would be wrong for U.S. funds to be funnelled through this new institution to Poland and then back to European governments and commercial bankers holding bad Polish Government loans.

SOVIET MEMBERSHIP

The Committee is aware that the issue of the membership of the Soviet Union in the EBRD is controversial. Nevertheless, the Committee believes that the final agreement on the formation of the Bank should relieve most of the concern that large amounts of EBRD monies will soon be going to the U.S.S.R. to the detriment of Eastern European countries only now emerging from Soviet dominance.

The Committee notes that the United States, under the leadership of President Truman, offered Marshall Plan assistance to the Soviet Union. It was the Soviets who refused that offer.

Article Eight of the EBRD agreement states that any member can limit its access to the general lending facility of the Bank. The Soviet Union has sent a letter to the EBRD stating its intent to limit its borrowing from the Bank to an amount not to exceed the total of their paid-in capital contribution to the Bank for a period of three years. This action limits Soviet borrowing to a maximum of $216,000,000 or 3 percent of potential EBRD lending during that period.

Consequently, the U.S.S.R. will not be borrowing funds in excess of its own contributions for at least three years. The Soviet letter is being attached to the agreement. The agreement also contains a provision that gives the U.S.S.R. the opportunity to raise the issue of its lending after this initial three year period.

Any change in the Soviet borrowing status will require the agreement of 75 percent of the members representing at least 85 percent of the voting power. United States voting power in the Bank is 10 percent.

Consequently, continuing to restrain Soviet borrowing in the future, if that is a desirable policy, and one which may also depend on the success or failure of current and future Soviet reform movements, could be accomplished by agreement between the United States and any one of the following countries: Britain, France, Italy, Germany, Japan; or by the United States, Canada and any one of the following countries: Spain, Belgium, Netherlands, Sweden, Switzerland. Other combinations which could block a change in Soviet membership status are too numerous to list. The point is that blocking any change in Soviet borrowing status, if

that is a desirable policy, should not be a difficult task for American officials.

The Committee believes that this agreement is a reasonable compromise because it holds out to the Soviets the possibility of full involvement in an international financial institution which promotes private enterprise and democracy. And, it also provides another avenue through which to influence Soviet economic and political development.

The Soviets have a long history of attacking these institutions as western capitalist tools. For example, Ekonomicheskaya Gazeta in December 1979 published an article titled, "IBRD in the Service of the Monopolies." The article attacks the Bank for its "ever increasing role in imperialism's neocolonial expansion. . . . But the facts behind the IBRD operations make it clear that it has been and remains an ardent supporter of the capitalist system and an important tool of neocolonialism, and that it contributes to the promotion of the private sector of the economy in developing countries."

Now, the Soviets themselves have insisted upon membership in precisely the same type of international financial institution!

We should not deny ourselves the satisfaction of observing the incorporation of the U.S.S.R. into the international capitalist financial system. Nor, should we deny ourselves the satisfaction of observing the inevitable influences of that economic system upon political life and reform in the Soviet Union. The irony of the situation is obvious.

Soviet membership in other international financial institutions well may be considered within the next five years. Depending upon the rate and depth of Soviet economic and political reforms, the United States should encourage the further incorporation of the U.S.S.R. into the international capitalist financial system.

HISTORY

The Charter for the European Bank for Reconstruction and Development was signed on May 29, 1990. The EBRD has 42 members. The United States has the largest single share with 10 percent. Japan and the four leading European countries each have a 8.5 percent share. The Bank has a capital base of approximately $12,000,000,000 with 30 percent paid-in. The Bank will have 23 members on its Board of Directors and will be located in London.

DEPARTMENT OF STATE

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 1990 level	$260,695,005
Fiscal year 1991 request	225,000,000
Committee recommendation	268,750,000

The Committee recommends a total of $268,750,000 for this account. The following table shows the Committee's recommendations by program:

	FY 1990 level	FY 1991 request	Committee recommendation
U.N. Development Program [UNDP]	107,752	108,500	104,000
U.N. Children's Fund [UNICEF]	64,350	50,000	75,000
International Atomic Energy Agency [IAEA]	21,646	24,000	23,555
U.N. Environment Program [UNEP]	11,807	10,000	15,800
OAS Development Assistance Programs [OAS]	9,839	10,000	10,000
U.N. Afghanistan Trust Fund	(13,283)	6,500	6,500
International Fund for Agricultural Dev. [IFAD]	34,438	6,250	20,000
International Convention and Scientific Organization Contributions [ICSOC]	1,967	2,000	2,000
World Meteorological Organization	1,968	2,000	2,000
U.N. Capital Development Fund [UNCDF]	1,476	1,500	2,000
International Tropical Timber Organization		1,000	1,000
U.N. Educational and Training Program for Southern Africa [UNETPSA]	788	800	800
UNIDO Investment Promotion Service	492	500	500
WMO Special Fund for Climate Studies		500	500
Tropical Forestry Action Plan [TFAP]		500	0
Convention on International Trade in Endangered Species [CITES]	738	500	750
International Union for the Conservation of Nature			680
U.N. Trust Fund for South Africa [UNTFSA]	492	250	500
Intergovernmental Panel on Climate Change	98	100	200
U.N. Voluntary Fund for Victims of Torture	98	100	100
U.N. Development Fund for Women [UNIFEM]	787		800
U.N. Fellowship Program	241		245
World Heritage Fund [WHF]	216		220
World Food Program [WFP]	964		1,000
U.N. International Research and Training Institute for the Advancement of Women [INSTRAW]	197		200
U.N. Institute for Namibia [UNIN]	107		0
U.N. Center on Human Settlements [Habitat]	393		400
Total	260,695	225,000	268,750

The Committee has earmarked in the bill all of the organizations and programs as shown in the table.

THE UNITED NATIONS CHILDREN'S FUND

The Committee has provided $75,000,000 for UNICEF, an increase of $25,000,000 above the Administration's request. The United Nations Children's Fund (UNICEF) continues to be one of the Committee's highest priorities. Few other programs have such widespread and bipartisan support both in Congress and with the American people. Given this support it is extremely difficult to comprehend the continuing trend in the Administration to reduce the amounts requested for UNICEF.

The Committee has included a provision requiring disbursement of UNICEF funds on a specific timetable. A further discussion of UNICEF can be found earlier in the report under "Items of Special Interest".

INTERNATIONAL ATOMIC ENERGY AGENCY

The Committee has included bill language which stipulates that funds may be made available to the International Atomic Energy Agency only if the Secretary of State determines and reports to Congress that Israel is not being denied its right to participate in the organization's activities.

UNITED NATIONS ENVIRONMENT PROGRAM

The Committee has recommended a total $15,800,000 for this program of which $15,000,000 is to go directly to UNEP's Environment Fund. The remaining $800,000 is to be used to support other multilateral environmentally related activities such as the Vienna Convention for Protection of the Ozone Layer, the Cartegena Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, related protocols and the South Pacific Regional Seas Program. The Committee has also recommended $10,000,000 for the Montreal Protocol Facilitation Fund to be administered by the UNEP Secretariat. These funds are included in the development assistance accounts. This initiative is further discussed earlier in this report.

Despite the Administration's claims of concern regarding the state of the world's environment, the funding request for UNEP was reduced from a level of $12,000,000 in fiscal year 1990 to the requested level of $10,000,000. UNEP has played a key role in the negotiation of the Montreal Protocol and has been a key factor in coordinating a worldwide assault on global warming. The Committee has recommended additional funds in order to allow UNEP to accelerate its priority programs relating to climate change, ozone depletion, reforestation, biological diversity, chemical and hazardous waste management and coastal management.

UNEP's principal goals are to monitor and assess major global and regional environmental trends, and to coordinate international actions to improve environmental and natural resources management. As such it plays a unique role in the international arena on environmental issues. It is one of the only international multilateral organizations that has shown some effectiveness in bridging the gap between the needs of industrialized and developing countries. It has a global mandate and can therefore address the wide range of problems including acid rain, marine pollution, desertification, carbon dioxide build-up and ozone depletion. It has played a valuable coordinating role on international actions to improve environmental and natural resources management. In light of its vast and increasing workload and the growing consensus in Congress to address global environmental problems, to suggest a decrease in the program's funding level runs in direct contradiction to what the Congress is trying to accomplish. The recommended increase in the funding level will enable UNEP to address critical staff and program shortages, and to continue the initiatives funded last year.

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES (CITES)

The Committee has recommended a funding level of $750,000, an increase of $250,000 over the request level, for CITES in fiscal year 1991. In fiscal year 1990 the Congress provided $750,000 for this organization, an increase of $550,000 over the Administration's request. The increased funding levels in both fiscal years 1990 and 1991 will enable the U.S. to remain in the vanguard of international conservation and preservation of endangered plants and animals.

The United States played a leading role in the development of CITES and should therefore play a similar role in increasing its funding. CITES imposes clear and legally binding obligations on countries, both importers and exporters. However, many countries have failed in the past to live up to their financial obligations including the United States. When this occurs, it is very difficult for CITES to live up to its mandate. Crucial to realization of that mandate is a strong Secretariat, which is able to perform independent research into both trade patterns and species status in the wild. The provision of this level of funding in conjunction with timely United States payments will enable CITES to meet its mandate without having to rely on other outside funding sources.

UNITED NATIONS CENTER FOR HUMAN SETTLEMENTS

The Committee supports continued U.S. contributions to the United Nations Center for Human Settlements (HABITAT) which plays a critical role as a focal point for international efforts to address shelter needs. Habitat strongly supports home ownership and private self-help approaches to solving the world's mounting deficit in low cost housing. With rapid urbanization, donor agencies need to increase their attention to meeting the needs of squatter settlements for infrastructure, shelter and, most importantly, employment. New innovative ways are called for that combine shelter and employment generation through the creation of cooperatives and nonprofit foundations, use of revolving funds and low cost construction with local materials. These approaches are particularly urgent in Africa, which is the fastest urbanizing region of the world. Habitat is a pioneer in these efforts.

TROPICAL FORESTRY ACTION PLAN

The Committee has denied the Administration's request of $500,000 for the Tropical Forestry Action Plan. The initial motives for and design of the Tropical Forestry Action Plan (TFAP) were commendable. However, its current direction under the UN Food and Agriculture Organization (FAO) has failed to address the root causes of tropical deforestation. In fact funding of this organization could actually exacerbate natural forest destruction in participating countries. The recent increases in the estimates of the rate of tropical deforestation make it imperative that the TFAP process be restructured. The Committee will consider funding this organization based on the results of the review of TFAP currently directed by its Secretariat at FAO.

The goal of U.S. participation in this review should be the restructuring of the current TFAP process into a multilateral effort that will reduce current rates of tropical deforestation, preserve biological diversity, encourage sustainable management of tropical forest resources, and meet the basic human needs of forest communities. Restructuring of the current TFAP process should focus on broadening TFAP's agenda to include needed investments and policy reforms outside of the forestry sector and on guaranteeing increased participation in all stages of the TFAP process by local communities, concerned nongovernmental organizations, and gov-

ernmental and nongovernmental professionals outside of the forestry sector.

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

The Committee has recommended $1,000,000 for the International Tropical Timber Organization. The United States representative to this organization should make a serious effort to assure that these funds are made available for the activities of the Organization's committee on reforestation and forest management, and that they support that Committee's program to implement guidelines and incentives for sustainable management of tropical forest resources.

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE

The Committee notes that the role of the Intergovernmental Panel on Climate Change in coordinating international discussion and negotiation on the scientific and policy aspects of global climate change will be increasingly important in the coming years. The Committee also notes that the Panel has in the past lacked sufficient funds to encourage broad participation of developing countries in its activities. Participation of developing countries will be critical in any attempt to reduce global emissions of greenhouse gases. For these reasons, the Committee has appropriated $200,000 for fiscal year 1991 for the activities of the Panel, an increase from the fiscal year 1990 level of $100,000.

INTERNATIONAL UNION FOR THE CONSERVATION OF NATURE

The Committee has recommended funding of $680,000 for the International Union for the Conservation of Nature. These funds are intended to augment the $168,000 provided through UN assessed contributions. The Committee has recommended these funds above the assessed level in order to accelerate the initial efforts of this organization. IUCN plays a big role in international efforts to achieve the sustainable management of natural resources in a way which fosters growth while achieving environmental conservation. The Committee expects that the Department of State's Bureau for Oceans, International Environment and Scientific Affairs will take the lead role in working with the IUCN to develop funding priorities.

BUREAU FOR OCEANS, INTERNATIONAL ENVIRONMENT AND SCIENTIFIC AFFAIRS

The Committee expects that the Bureau for International Organizations and Programs will consult directly with the Bureau for Oceans, International Environment, and Scientific Affairs on the obligation of funds to all organizations funded in this account that relate to environmental issues. These include UNEP, CITES, TFAP, ITTO, IUCN, World Heritage Fund, IPCC, and WMO.

UNITED NATIONS CAPITAL DEVELOPMENT FUND

The Committee expresses its support for the special ability the United Nations Capital Development Fund has demonstrated by providing small scale capital assistance to assist least developed nations striving for self-reliance.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

AGENCY FOR INTERNATIONAL DEVELOPMENT

DEVELOPMENT ASSISTANCE

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION, DEVELOPMENT ASSISTANCE

Fiscal year 1990 level	$481,635,025
Fiscal year 1991 request	424,520,000
Committee recommendation	481,635,000

DAIRY DEVELOPMENT

The Committee continues its support for AID's dairy development efforts and has earmarked $5,000,000 in AID's agricultural functional account for new projects of private entities and cooperatives. This program builds markets for United States dairy products and technologies, strengthens agricultural development efforts through assistance to small dairy farmers and boosts local milk and dairy product consumption for better community nutrition.

Because of reduced worldwide surpluses, developing countries are giving priority to developing their own domestic dairy industries to provide much needed nutrition for their vulnerable populations, especially children. The program has supported assistance to small farmers, private sector companies and cooperatives in over 15 developing countries.

VITAMIN A DEFICIENCY

The Committee has earmarked $10,000,000 for the Vitamin A deficiency program. The Committee believes that the Agency for International Development should continue the traditional vitamin A activities including assessment of vitamin A prevalence, capsule distribution, supplementation, monitoring and evaluation, fortification, nutrition education and social marketing and home food production. In addition to these priorities AID should move into areas such as research in and the development and promotion of household food security improvements, maternal nutrition, weaning foods, general nutrition education, and growth monitoring.

INDIA FEEDING PROGRAM

The Committee notes that some problems with the distribution of food under the India feeding program have been reported. The Committee expects AID to take the proper steps to bring the program back to its intended purpose.

ASSOCIATE PROFESSIONAL OFFICERS PROGRAMS

The Committee has earmarked $375,000 to support continued U.S. participation in the Associate Professional Officers Program of the international food agencies. For the last several years AID and the Department of Agriculture (USDA) have jointly funded a program that enables young American professionals to serve as Associate Professional Officers at international food agencies, such as the Food and Agriculture Organization and the International Fund for Agricultural Development. This program has been highly successful, both in terms of increasing United States influence in these institutions and in exposing young American professionals to international food issues.

BOLIVIA

Over the last ten years, the University of Chicago has pioneered the research of Tiwanaku, a large pre-Incan civilization located on the shores of Lake Titicaca in Bolivia. These excavations led to the discovery of a system of raised field agriculture that allowed the previous civilization to support a population fifty times larger than the one currently living on the altiplano. Using a small amount of IAF funds, the University reconstructed a few of these fields and found that potato yields could be increased from 3 to 16 tons per hectare.

The Committee recommends that AID consider a feasibility study to expand this concept for modern Bolivian agriculture. Bolivia, once an exporter of food, now imports a large part of its needs. Raised field agriculture could help redress this problem and may find applications in other high altitude countries.

WEST AFRICA ROOTS AND TUBERS PRODUCTION

AID has been working with the Institute for Agricultural Research/Institute for Tropical Agriculture in Cameroon, West Africa to increase the production of root and tuber crops in that nation. This project focuses on boosting food production, creating disease-free strains, and the prevention of rotting with roots that can remain in the ground indefinitely. The Committee recognizes the importance of such projects which incorporate local expertise, grassroots development, and food self-sufficiency.

The initial technical phase of this project has received high marks. The Committee recommends AID begin implementation of the second phase of this project, which deals with distribution and outreach to small farmers, by providing $4,000,000 in fiscal year 1991.

COLLABORATIVE RESEARCH SUPPORT PROGRAMS

Collaborative Research Support Programs (CRSPs), within AID's Bureau for Science and Technology, are recognized for their exemplary accomplishments in collaborative research of mutual benefit to U.S. and overseas institutions. CRSP research programs have been able to attract the most capable scientists worldwide and have demonstrated significant economic, social, and environmental returns to the United States.

Problems of agricultural sustainability face developing countries in which CRSP research takes place. Support is needed for institutions and human resources so that they can deal with the environmental degradation that is destroying the natural resource base upon which agriculture is dependent, and pursue strategies that will lead to sustainable agriculture systems.

It is intended that funding for seriously underfunded collaborative research programs be increased by adding $10,000,000 over fiscal year 1990 allocation levels so that CRSPs may deal with the challenge of developing sustainable agricultural systems in developing countries. This would include funding for a sustainable agriculture component of each of the existing CRSPs as well as funding for the Collaborative Research Support Program in Sustainable Agriculture and Resource Management recommended in the fiscal year 1990 reports of the House and Senate Appropriations Committees.

COCA CROP SUBSTITUTION PROJECT

The Committee recommends that AID support the "Silk for Life Project" in the coca producing areas of Colombia. This project provides Andean coca farmers with silk worms to raise on mulberry bushes, which are planted in place of coca. The resulting cultivated silk, with markets both locally and in the U.S., is a lucrative alternative to coca production for the Andean farmer.

AID reports that the silk cultivation project looks promising and that it is willing to provide technical and training assistance. The Committee recommends AID fund the project at $200,000 in fiscal year 1991.

POPULATION, DEVELOPMENT ASSISTANCE

Fiscal year 1990 level	$216,170,904
Fiscal year 1991 request	193,191,000
Committee recommendation	250,000,000

The Committee has included prior year language in the bill that requires that none of the Population, Development Assistance funds for this year or any unobligated balances be made available to any organization or program which, as determined by the President, supports and participates in the management of a program of coercive abortion or involuntary sterilization. The bill language also states that funds for Population, Development Assistance cannot be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. Further, the language indicates that in order to reduce reliance on abortions in developing countries population funds shall be available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to a broad range of family planning methods and services. An additional provision in the bill requires in awarding grants for natural family planning under Section 104 of the Foreign Assistance Act, no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning; however, all such applicants shall

comply with the requirements of informed consent included in the bill.

Finally, the Committee has included language from last year's bill that states that nothing in the population section of the bill is to alter any existing statutory prohibitions against abortion which are included under section 104 of the Foreign Assistance Act.

HEALTH, DEVELOPMENT ASSISTANCE

Fiscal year 1990 level	$134,995,874
Fiscal year 1991 request	115,465,000
Committee recommendation	135,000,000

RIVER BLINDNESS

The Committee has earmarked $5,000,000 for the River Blindness Program. Of this amount $1,500,000 is to be used to establish a program to distribute the drug ivermectin in the eleven OCP countries, and where appropriate in other African countries, through a consortium of U.S. private voluntary organizations including Africare, Helen Keller International and the International Eye Foundation. The program is to be community based and operated in collaboration with ministries of health in affected countries and the World Health Organization. It will involve surveillance and monitoring of the populations at risk and the distribution of the drug. Models for the elements of such a program exist in Burkina Faso and Nigeria and have been established by Africare, Helen Keller, the International Eye Foundation and WHO. An assessment of the use of this drug has been undertaken and has established its efficacy and safety. It is expected that WHO and other governments will support this program.

The remainder of the $5,000,000 earmarked for River Blindness is intended to continue support for the World Health Organization's ongoing River Blindness Program which focuses mainly on spraying to eliminate the insect that transmits the disease.

GORGAS MEMORIAL INSTITUTE OF TROPICAL AND PREVENTIVE MEDICINE

The Committee has earmarked $3,500,000 of the amount appropriated for health programs to be used as a voluntary contribution to the Pan American Health Organization (PAHO) to finance the operation and activities of the Gorgas Memorial Institute of Tropical and Preventive Medicine. The purpose of the Institute is to support the Gorgas Memorial Laboratory in Panama. The important work of the Gorgas Memorial Laboratory has been recognized since its creation in 1928. Congress has provided funds to support research, training, laboratory services and related activities in tropical medicine at the Laboratory. The uncertainty of past funding for the Laboratory and the political instability in Panama in recent years have threatened its survival. Voluntary contributions through PAHO will provide the stability of funding needed to permit the restoration of Gorgas' traditional scientific excellence. The State Department believes that Gorgas' activities are important to U.S.-Panamanian bilateral relations and make a significant contribution to health in the isthmus and the hemisphere, including the U.S. The Government of Panama also is anxious to see the

continuation and strengthening of the Laboratory and has indicated its strong support for the transfer of authority to PAHO. The Institute fully supports the incorporation of the Laboratory's activities into PAHO. PAHO would be able to provide an appropriate management structure for the Laboratory and offers the medical and scientific framework that will permit the integration of the Laboratory's research into ongoing epidemiological and public health activities throughout the region. It is the intent of the Committee that the steps necessary to transfer the Laboratory to PAHO will be taken as expeditiously as possible.

International AIDS Prevention and Control

Fiscal year 1990 level	$41,239,240
Fiscal year 1991 request	38,200,000
Committee recommendation	52,000,000

The Committee has recommended funding for the International AIDS Prevention and Control program at a level of $52,000,000. The Committee has designated that half of this program funding be provided through the World Health Organization. The Committee believes that both WHO and AID should accelerate their local level programs of prevention and education.

The Committee is concerned over recent reports of the spread of the AIDS virus in Asia and other countries. Both AID and WHO need to take the proper action to adjust their programs to address the AIDS problem in Asia and other regions around the world.

The Committee is concerned over the possible change in the World Health Organization's method used to provide assistance related to AIDS in Africa. If the regional office of WHO is used to administer the AIDS program in Africa then steps should be taken by WHO to assure that proper controls and management are in place.

Child Survival Fund

Fiscal year 1990 level	$70,694,700
Fiscal year 1991 request	74,538,000
Committee recommendation	100,000,000

The Committee has recommended a major increase in funding for the Child Survival Fund this year as part of an initiative to address the problems of children in third world countries. Child survival activities have proven successful in both saving and sustaining the lives of children. The Committee supports a minimum funding level for child survival activities from all funding sources in the bill of $225,000,000.

Ten million children still die unnecessarily every year. Nearly five million children die from causes related to malnutrition. Many of these deaths could be prevented by simple interventions such as breastfeeding, immunizations, oral rehydration therapy, and adequate consumption of micronutrients such as vitamin A and iodine.

The Committee would like to indicate its support for the goal endorsed by UNICEF and the World Health Organization (WHO) of halving the rate of child malnutrition and eliminating severe malnutrition by the end of the century. The Committee would like to note the importance of the work done by WHO, through its Diar-

rheal Disease Control and Acute Respiratory Infections Programs, in combatting child malnutrition. The Committee believes that these programs, and another outstanding WHO program, the Expanded Program on Immunizations, merit increased support from the Administration.

The Committee urges AID to continue expanding its work on breastfeeding promotion. At only 3 percent of AID's child survival activities, breastfeeding promotion still remains too low when compared with the dramatic reductions in child mortality it produces. The Committee also urges AID to expand its efforts to improve child feeding practices and the health and nutritional status of women.

Education and Human Resources

Fiscal year 1990 level	$131,988,894
Fiscal year 1991 request	134,201,000
Committee recommendation	134,201,000

PRIMARY EDUCATION

The Committee continues to support the allocation of funding at last year's level for primary education. Funding for primary education is a key to the development process, and primary education is the most important element in the educational process. The Committee continues to support the need to initiate three new basic education projects for fiscal year 1992—two of these projects should be in Africa.

CARIBBEAN LAW INSTITUTE

The Committee has retained last year's provision providing $1,500,000 for the Caribbean Law Institute. The Caribbean Law Institute (CLI) is a program to promote the reform and codification of laws in the Caribbean, particularly laws relating to trade and commerce. CLI is patterned after the American Law Institute and the Uniform Commissioners of State Law, organizations through which model codes are developed in the United States.

INCAE

The Committee recognizes the valuable contributions being made by the non-profit graduate school, Instituto Centroamericano de Administracion de Empresas ("INCAE"). Since 1964, INCAE has played a vital role in Nicaragua and in the Central American region by providing graduate business training to students and by promoting understanding, dialogue and cooperation among individuals, sectors and countries. The Committee further acknowledges and is encouraged by the selection of three members of the INCAE faculty who are serving a vital role at the ministerial level in the new Nicaraguan government.

The Committee strongly supports the mission of INCAE and recognizes that the institution needs additional financial support from the United States to develop a long-term program for scholarship support, faculty development and research support. The Committee acknowledges these important needs of INCAE and urges AID to consult with INCAE and then report to the Committee on how the

Congress can further support the institution either through direct financial assistance or endowment of U.S. funds.

SOVIET UNION-EAST EUROPEAN RESEARCH AND TRAINING

The Committee is providing $5,400,000 for the Soviet-East European Research and Training Fund authorized by title VIII of the fiscal year 1983 Department of State Authorizaton Act. This is in addition to the $4,784,000 included in the fiscal year 1991 State Department Appropriations bill.

The principal purpose of this program is to build and strengthen a cadre of United States experts in the Soviet and East European field. This is especially important as rapid change in the Soviet Union and Eastern Europe opens up new challenges and opportunities requiring extensive knowledge of regional languages, economics, governmental institutions, history and other areas.

Many of the programs funded under this Committee's jurisdiction are related to events in the Soviet Union and Eastern Europe and to policies carried out by those governments, both internally and externally. It is crucial that the United States has the expertise to follow, understand and deal with those societies so that the U.S. can carry out its own foreign policies in a knowledgable and responsible manner which best serves our own national interests. This program helps us to do that.

INTERNATIONAL STUDENT EXCHANGE PROGRAM

The Committee recognizes and supports efforts to provide opportunities for disadvantaged foreign students to study at United States institutions of higher education as an essential effort to increase the exposure of a broad cross-section of the populations of developing nations to U.S. society and culture. In this regard, the Committee applauds the work of the International Student Exchange Program and expects the Administration to maintain funding for the program at the previous year's level for students from Central America and other regions. The Committee believes the program's utilization of U.S. community colleges under the Central American Scholarship Program is especially worthy of praise and encourages the Administration to make greater use of community colleges in other foreign scholarship programs, including Eastern Europe.

CULTURAL AND TECHNICAL INTERCHANGE

The Committee has earmarked $10,000,000 in funding for the North/South Center to promote better relations between the United States and the nations of Latin America and the Caribbean and Canada through programs of education, cooperative study, training and research. It is the Committee's intent that the funds provided be utilized to greatly expand the activities of the North/South Center, located in Florida and associated with the University of Miami, so that it may operate a range of programs with respect of the Western Hemisphere similar to those conducted by the East/West Center established pursuant to legislation enacted in 1960 to promote better relations between the United States and the countries of Asia and the Pacific. It is the Committee's expectation that

the Center will collaborate with other institutions of higher learning, with appropriate expertise, in conducting its activities.

PRIVATE SECTOR, ENVIRONMENT AND ENERGY

Fiscal year 1990 level	$151,774,995
Fiscal year 1991 request	144,223,000
Committee recommendation	152,223,000

ENVIRONMENTAL EARMARK

The Committee has earmarked $75,000,000 of the funds provided under the Private, Sector, Energy and Environment account to be used for environmental development activities. The Committee has taken this action to indicate, as discussed earlier in the report under "Items of Special Interest", the priority and needs in the environmental area.

OFFICE OF ENERGY

The Committee has earmarked $20,000,000 for the Office of Energy. This funding is discussed earlier in the report under the Environmental Priorities section under Items of Special Interest.

RURAL WATER SYSTEMS IN CENTRAL AMERICA

The Committee is concerned that its recommendations in last year's report to initiate circuit rider programs have gone unmet. The Committee expects that AID will provide $805,000 for the Circuit Rider Program for rural water systems in Central America. The overall objective of this program is to develop a framework for providing training and technical assistance to rural communities to improve the operation, maintenance, management, and sustainability of safe and adequate water supplies and waste water systems within each Central American country. It is the Committee's understanding that it will be the role of the International Rural Water Association and the National Rural Water Association to train in-country Circuit Riders who are presently familiar with the communities and who will be effective at the rural community level in the respective countries. Clean safe water systems are vital to development and this funding will provide Central American countries with the training they need to begin taking proper care of their water systems.

UNITED STATES, ISRAEL, AND DEVELOPING COUNTRY COOPERATIVE PROJECTS

The Committee has earmarked not less than $7,500,000 in development funds to be used for cooperative projects among the United States, Israel and developing countries, particularly Africa. Of the $7,500,000 earmark not less than $5,000,000 is for the Cooperative Development Program and not less than $2,500,000 is for cooperative development research projects.

RURAL ELECTRIFICATION

The Committee has earmarked $5,000,000 for the Central American Rural Electrification Support Project. This multi-year Central American regional initiative is addressing constraints to rural elec-

trification through improvements in engineering, organization, management, power supply and end use programs for the Central American countries. Using REA standards, the project is assisting national utilities in reducing the initial capital costs, operation and maintenance of rural electric lines by 30 percent or more. The project is training public utility executives in more businesslike management practices such as strengthening end use applications to increase loads, and providing rural residents with credit and more reliable service. The project is advancing more private sector solutions to electric distribution including cooperatives, and lower cost generation through small hydro-power. Finally, the project is exploring new financing mechanisms to make rural electrification "bankable" and ensure that lenders and donors maximize their investment in generation facilities through distribution systems which do not require heavy government subsidies.

The Committee strongly supports maintaining bilateral and multilateral programs for rural electrification. Rural electric needs are related to the international debt crisis because the supply of electricity and what it costs have a direct impact on a nation's productivity, especially for developing countries dependent on agriculture exports for foreign earnings.

The developing countries' per capita electricity consumption is less than 10 percent of the industrial countries. Their future demand growth rate is three to four times that of the United States. Electricity production in developing countries quadrupled between 1970 and 1980 and can be expected to increase by over 1000 percent between 1970 and 1995.

Two critical issues are facing these skyrocketing energy needs including distribution to rural areas, and the development of power supplies which do not overburden the global environment. The rural electrification experience in the United States can provide some of the answers. It is a model of government and private partnership for meeting rural energy requirements which has been successfully adopted by countries as diverse as the Philippines, Bangladesh and Costa Rica. The Committee urges the World Bank, regional multilateral banks and AID to strengthen their support for these types of proven energy programs. In particular, AID's Office of Energy can play an important leadership role.

ELEPHANT CONSERVATION ACTIVITIES

The Committee has earmarked $5,000,000 for elephant conservation activities in Africa. African elephants now number fewer than 700,000—a decline of 50 percent from a decade ago. Rampant and uncontrollable poaching throughout the African continent continues to threaten the elephant, which has now virtually disappeared from certain countries in East and Central Africa. In addition, African governments have begun to face an emerging conflict between humans and elephants, as well as other wildlife, for space and resources.

The endangerment of the elephant has become an extremely urgent development issue that threatens one of Africa's most unique and valuable renewable resources. Its extinction would almost certainly result in serious damage to Africa's rich and deli-

cately balanced ecosystems, and would greatly harm the tourism industry, which has become one of the leading earners of foreign exchange in a number of African countries.

The United States played a critical role at the October 1989 meeting of the Convention on International Trade in Endangered Species (CITES) in achieving an international ban on trade in ivory, and the Committee believes it is important to continue to demonstrate a strong commitment in aiding African countries to ensure the survival of the African elephant.

The Committee recommends that AID continue to work with the United States Fish and Wildlife Service in its efforts to reverse the decline of the African elephant. The Fish and Wildlife Service is currently involved in anti-poaching activities in a number of African countries, and has valuable expertise in wildlife conservation and refuge management. The Committee believes the elephant conservation efforts of both agencies would be significantly enhanced through mutual cooperation and the sharing of information.

BUREAU OF LABOR STATISTICS SOVIET AND EASTERN EUROPE PROGRAM

The Committee has earmarked $150,000 through AID for the United States Bureau of Labor Statistics (BLS) to provide technical assistance for the training of statisticians and economists in Czechoslovakia and the Soviet Union.

The BLS is currently working with the governments of Poland and Hungary to assist and train personnel in the development of accurate statistical measurements as these countries move from centralized command economies to market economies. These funds will help the BLS provide similar technical training for Czechoslovakia and the Soviet Union.

INTERNATIONAL ARID LANDS RESEARCH AND COORDINATION

The Committee expects and supports increased research and coordination of research in the fields of arid lands study and drylands agriculture and afforestation. In order to effectively address the problems of increasing decertification and deforestation and their impact on the agricultural economies of developing nations and the world environmental crisis, the United States should make every effort to fund and encourage cost-effective and coordinated arid lands research and the application of the research inernationally. The Committee supports the efforts of the International Arid Lands Consortium as a means of achieving the goal of better coordinated, cost-effective research resulting from international cooperation between academic, government and private institutions involved in the relevant research and applications of that research.

SCIENCE AND TECHNOLOGY, DEVELOPMENT ASSISTANCE

Fiscal year 1990 level	$8,624,753
Fiscal year 1991 request	8,662,000
Committee recommendation	8,624,000

The Committee has recommended $8,624,000 for Science and Technology development assistance.

Development Policy Reform Program

Fiscal year 1990 level	$0
Fiscal year 1991 request	75,000,000
Committee recommendation	0

The Committee has not recommended the $75,000,000 requested by the Administration for development policy reform programs. Although this item was included in the fiscal year 1991 request the Administration failed to either explain or justify the intent or content of the program. Therefore, the Committee has not recommended funding for the program in fiscal year 1991.

Private Sector Revolving Fund

(BY TRANSFER)

Fiscal year 1990 level	($4,978,500)
Fiscal year 1991 request	(0)
Committee recommendation	(0)

(LIMITATION ON DIRECT LOANS)

Fiscal year 1990 level	($3,484,950)
Fiscal year 1991 request	(0)
Committee recommendation	(0)

(LIMITATION ON GUARANTEED LOANS)

Fiscal year 1990 level	($45,916,725)
Fiscal year 1991 request	(125,000,000)
Committee recommendation	(12,500,000)

The Committee recommends $12,500,000 as a limitation on guaranteed loans. The Committee has provided for no transfers and no direct loan limitation as requested by the President.

The Committee action reflects the guaranteed loan credit squeeze created by the House Budget Resolution, as does the shortfall in the Interest Equalization Program of the Export-Import Bank.

Sub-Saharan Africa, Development Assistance

(DEVELOPMENT FUND FOR AFRICA)

Fiscal year 1990 level	$571,823,500
Fiscal year 1991 request	560,500,000
Committee recommendation	800,000,000

The Committee recommends $800,000,000 for development assistance activities in sub-Saharan Africa. The Committee has recommended an approximate 50 percent increase for sub-Saharan Africa in order to indicate the high priority for assistance to Africa and to strengthen the development program for that region.

EXPERIENCE TO DATE

Funding provided for fiscal year 1991 is to be used to implement the fourth full year of what has come to be known as the Development Fund for Africa (DFA). Recognizing that African nations face unique development challenges, the DFA was designed to allow AID to use development assistance funds in a more flexible fashion.

Although experience to date with the DFA is still limited, the Committee is encouraged by a number of developments. In particular, preliminary findings by the General Accounting Office (GAO) suggest that the DFA has had a number of positive effects. These include improved project planning, the obligation of funds in a more timely fashion, a somewhat greater concentration of limited resources in those countries where economic performance is good, more innovative integration of project and non-project assistance by missions, greater attention to the social and environmental impact of programs, and more effective coordination of DFA resources with resources provided by other donors, host governments, and non-governmental organizations.

However, the Committee notes with some concern that AID is just now implementing a system to measure the impact of policy changes on development, at least according to the GAO. The Committee expects AID to move forward on its efforts to measure policy changes.

USE OF FUNDS

As in previous years, the Committee expects these funds to be administered in accordance with the Statement of Managers accompanying Public Law 100–202. Consultations and reports required in the Statement of Managers should continue to be adhered to by AID in fiscal year 1991.

The Committee has refrained once again from earmarking any of the funds for Africa for functional purposes. As in the past, however, it continues to expect that AID will allocate at least the equivalent of 10 percent of the funds for each of the following activities: (1) maintenance of the natural resource base, including agricultural activities that directly support this purpose, (2) improvements in health conditions, with special emphasis on the needs and education of mothers and children, and (3) voluntary family planning. AID may use funds available from this fund as well as its centrally funded programs to achieve these targets.

Once again the Committee encourages AID to expand the range and effectiveness of bilateral family planning programs in sub-Saharan Africa. The implications of the birth of 270 million children in the next decade for education, employment, food production, and the environment are staggering. Efforts need to be accelerated to reduce the population growth rate.

The Committee also believes that AID needs to be doing more to improve health conditions in this region of the world. The Committee commends AID for its work in the child survival field, and urges that efforts also be made to address other health problems in the region.

LACK OF CONCENTRATION OF FUNDS

Having recommended substantially increased funding for the DFA, the Committee expects these additional funds to be used primarily to expand country programs, not centrally-funded or regional programs.

In this connection, the Committee wishes to reiterate its concern that the limited resources available to AID are being spread over

too many countries and programs in sub-Saharan Africa. In fiscal year 1991, for example, AID indicates that some forty countries will receive assistance from the Development Fund for Africa.

The level of U.S. commitment in most countries is very small. Of the forty countries scheduled to receive assistance from the DFA in 1991, only one will receive in excess of $30 million. Six countries will receive between $20 million and $30 million, and another eight will receive between $10 million and $20 million. The remaining twenty-five countries will receive less than $10 million each.

At these levels of assistance, the Committee questions whether development aid by the United States can be relevant to the serious economic problems sub-Saharan African countries face. Our purpose in establishing the DFA was not to demonstrate a presence by the United States throughout Africa but rather to help those African nations that are making a serious effort to address their problems. Absent sufficient resources, the Committee believes that AID should make a serious effort to limit the number of countries receiving assistance from the DFA.

To assist in this effort, the Committee expects AID to limit the number of countries that can receive assistance under the DFA to 35, five less than the number for which AID requested assistance. AID is to consult with the Committee if it wishes to exceed this number.

The Committee also wishes to remind the Administration that this is a development fund, not a political fund. Countries that are not making serious efforts to address development problems and to alleviate poverty, like Sudan, Somalia, and Liberia, should not be allocated DFA assistance. The Committee will vigorously resist efforts to politicize the allocation of DFA funds.

INSUFFICIENT CONCERN WITH POVERTY ISSUES

While AID argues that DFA funds should be allocated on the basis of economic performance, it seems prepared to make some notable exceptions to its own standard. For example, Ghana continues to receive little assistance in spite of the fact that it is one of the best economic performers on the continent. Other good performers such as Madagascar and Uganda also receive relatively little assistance.

By contrast, if AID had its way, the largest recipient of DFA assistance next year would be Zaire. Zaire has one of the most mismanaged and corrupt economies in the world today. As long as these kinds of allocations are proposed, the Committee cannot seriously be expected to believe that sound macroeconomic performance is the primary factor determining the allocation of DFA funds. The Committee has discussed its concerns about Zaire elsewhere in this report. However, it should be noted that, in regard to Zaire, that AID lacks credibility when it argues that DFA funds are allocated on the basis of performance.

The Committee recognizes that sound economic policies are necessary to promote long-term development. At the same time, we continue to believe that *need* and the *commitment* of African governments to alleviating poverty and promoting basic human needs

should be among the most important criteria used in allocating scarce DFA resources.

The Committee believes that it should be the policy of the United States to assist those nations that are making meaningful and concrete efforts to alleviate poverty. The Committee expects AID to ensure that poverty alleviation will be central to its country assistance programs and to its policy dialogue with recipient countries; to encourage those countries to adopt measures to protect the poor during the process of adjustment; and to increase the weight given in the performance criteria for the allocation of DFA resources to an effective commitment to poverty reduction by African governments. Furthermore, the Committee believes that countries that undertake significant efforts to enhance the productive economic participation of the poor should be systematically assisted through a preferential allocation of DFA resources.

The Committee recognizes that the primary responsibility for poverty alleviation must rest with the governments of assisted countries. Governments that pursue policies that encourage the availability, on a universal and economically-sustainable basis, of such essentials as adequate food and nutrition, primary health services, family planning services, basic education, and safe drinking water, basic sanitation and basic shelter are the governments we want to assist. These are the underpinnings of productive economic participation by the poor; along with access to income-generating activities, employment, and productive assets such as land and credit, they form the core of what AID should be supporting through the DFA.

In its annual congressional presentation, the Committee expects AID to explicitly discuss the efforts it is making to address these concerns. The relationship between the DFA, poverty alleviation, and enhanced productive economic participation by the poor must become increasingly clear and transparent if support for the DFA is to be sustained.

DEBT PROGRAM

Section 572 of Public Law 100-461 provided certain flexibility to AID to address the debt problems of those sub-Saharan African countries that are making a serious effort to address their economic problems through the adoption of comprehensive reform programs. The Committee commends AID and the Administration for vigorously implementing this program to date.

As a result of recent reforms agreed to by Zambia, the Committee believes that nation qualifies for assistance under this program and encourages the Administration to use section 572 authority to respond in a positive fashion to the reforms Zambia has undertaken. Too literal a reading of section 572 may obscure the fact that the test for eligibility is the existence of a comprehensive reform program that has the blessing of international financial institutions, not the actual disbursement of funds by those institutions.

The Africa Bureau's congressional presentation for fiscal year 1992 should discuss the status of this program.

NON-COUNTRY SPECIFIC AND CENTRAL FUNDING

The Committee encourages AID to continue to make every effort to better identify and explain non-country specific funding. For the last two years the Committee has directed AID to provide at least $110 million in centrally funded programs, projects and activities that directly benefit the nations of sub-Saharan Africa. The Committee expects this figure to be adhered to in fiscal year 1991 as well and directs the Africa Bureau to report on compliance with this directive. In this connection, the Committee would note that it is dissatisfied with the documentation AID has submitted to date to demonstrate that it is in compliance with this directive. AID is to provide more detailed documentation in the future.

DISASTER ASSISTANCE

The Committee continues to be concerned that funds appropriated for long-term development assistance in sub-Saharan Africa are being diverted instead for disaster relief activities under the authority of section 492(b) of the Foreign Assistance Act of 1961. The Committee commends AID for submitting a more realistic disaster assistance budget request this year. However, DFA funds continue to be diverted to this purpose. The Committee encourages AID to continue to submit more realistic budget requests for disaster assistance and to make every effort to avoid diverting DFA resources to this objective.

PRIVATE AND VOLUNTARY ORGANIZATIONS

As in the past, the Committee expects AID to consult with African and American private and voluntary organizations that have demonstrated their effectiveness in helping to address the development problems that Africa faces in order to ensure that these funds will result in a process of long-term development that is equitable, participatory and environmentally sustainable. Last year the Committee directed the Africa Bureau to report on the nature and extent of its consultations with PVOs. The Committee is not satisfied that this directive has been complied with and expects AID to do a better job of complying next year.

Other Development Issues

ASSISTANCE FOR DISPLACED CHILDREN

The Committee has included a provision that earmarks not less than $5,000,000 from development assistance funds for children who have become orphans or displaced as a result of natural and man-made disasters. This funding continues the program initiated by the Committee three years ago to address the growing problem of orphaned children.

The Committee is concerned that it has yet to receive a plan from AID for a program for displaced children that has been requested for the past two years. Until this plan is received the Committee feels that it must continue to earmark funds for displaced children in order to assure continuation of the program. The request for a plan is renewed by the Committee and AID should submit this plan no later than February 1, 1991.

The Committee believes that additional funds need to be provided by AID to address both the overall problem of orphans and the increased number of abandoned children. The international organization Childhope estimates that at least 5 million children worldwide are completely abandoned and are working and living on city streets. Without comprehensive services and targeted programs to meet their needs, the vast majority of these totally abandoned street children are destined to live in poverty and despair. The Committee recommends that AID immediately begin programs aimed at addressing the needs of street children. The overall problem of street children should be addressed as either part of the AID plan for orphans or as a separate study related to street children.

VICTIMS OF WAR

The Committee has continued last year's earmark of $5,000,000 for victims of war. The funding that has been provided is to assist with medical and related assistance, including the provision of prostheses and vocational rehabilitation and training for civilians who have been injured as a result of civil strife and warfare. The funds may also be used in part to help design and evaluate the victims of war program.

MICROENTERPRISE

The Committee recommends that the Agency for International Development target $75,000,000 for programs of credit and other assistance for microenterprises in developing countries. Local currencies may be used for assistance for microenterprises and may assist in making up the $75,000,000 target. At least 50 percent of the funds for this target should be used for direct credit.

The Administrator of AID is to target this program to the poorest 50 percent of the population of the poorest AID assisted developing countries and the poorest 20 percent in the other AID-assisted countries. AID is also to target at least 50 percent of all the resources to support productive activities managed by women. Credit and other forms of assistance should be channelled primarily through private community based organizations.

The AID Microenterprise Development Program report to Congress reveals that only one-sixth of the funds used for direct credit in 1989 went towards loans of less than $300. This record is far below the expectations of the Committee and will have to be greatly improved to avoid future earmarking. The Committee is concerned that too few of the micro-enterprise resources are being channelled to the poorest entrepreneurs in the form of small loans. Therefore, the Committee is recommending AID use $20,000,000 of the microenterprise funds for loans of less than $300.

AID's report states the Agency will be moving more in the direction of "minimalist" principles in their program. The Committee finds this encouraging and recommends AID make every effort to adopt a "poverty lending" approach, such as that of the Grameen Bank in Bangladesh.

WOMEN IN DEVELOPMENT

The Committee has included a provision that earmarks not less than $5,000,000 in development funds to be used to encourage and promote the participation and integration of women in the development process in developing countries. The Committee also specifies that of this amount, not less than $3,000,000 is to be used as matching funds to support the activities of the Agency for International Development's field missions to integrate women into their programs.

The Committee acknowledges the efforts of the Agency for International Development in carrying out the mandate of Section 113 of the Foreign Assistance Act to encourage and promote the participation and integration of women as equal partners in the development process in developing countries. The importance of actively integrating women into development, for reasons of both equity and economics, has become widely understood and accepted at AID and in the larger development community.

In requiring AID to seek to ensure that country strategies and, where appropriate, projects and programs, are designed so that the percentage of women who receive assistance is at least in approximate proportion to their traditional participation in the targeted activities, and will increase wherever possible, the Committee continues to look to AID to adopt specific approaches likely to contribute to the achievement of those goals.

The Committee expects that agency staff and contractors will include sex-disaggregated data, where appropriate in all country, project and program documents. This information should also be included in all relevant research projects, and project and program evaluations should include assessments, where appropriate, of the program's or project's impact on women and success in helping to integrate women into the development process. Where the goals for WID cannot reasonably be incorporated into the design of particular programs or projects, the Committee requests that program or project documents identify the obstacles to incorporating those goals.

In designing projects and programs to carry out this provision, the Committee urges AID and agency contractors to identify and take advantage of opportunities to assist women in activities that are of critical significance to their self-reliance and development. This should include appropriate extension and related services to women engaged in subsistence or cash crop production and training, technical assistance, credit and other services to strengthen the managerial skills and capabilities of women, with special attention to women's institutions and women entrepreneurs.

The Committee continues to be concerned with the level of women's involvement in AID's participant education and training programs. AID is directed to seek to increase training opportunities for women from all regions, and to make necessary provision in its training programs for addressing the specific needs of women.

AID is also to provide guidance on strategies for achieving the goal of incorporating women in the planning, design, implementation, management, and evaluation of the agency's development activities. AID should also strongly encourage universities participat-

ing in programs under title XII of chapter 2 of part I of the Foreign Assistance Act of 1961, other agencies of the U.S. Government, and contractors involved in carrying out programs administered by the Agency to develop and implement WID training programs for their professional staffs.

The Committee recommends that the Administrator of AID continue to take steps to ensure that senior-level staff from each of the regional and technical bureaus who are in decision-making positions with respect to the integration of women in the operations of their bureaus are actively involved in, and committed to: (1) overseeing the implementation of this provision; (2) assisting Agency missions in the development process; (3) designing means for ensuring that staff at all levels of the Agency are similarly involved in, and committed to, achieving the goals of incorporating women into the development process; and (4) establishing specific criteria for measuring and evaluating the Agency's performance in incorporating women in development activities, and developing ways to institutionalize learning within the Agency on WID activities.

SUPPORT FOR PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES

The Committee supports funding the Office of Private and Voluntary Cooperation at $60,000,000 for worldwide programs of United States private voluntary organizations and cooperatives in fiscal year 1991. At least $6,000,000 of these funds should be provided to United States cooperatives.

This important office is the focal point for the partnership between the Agency for International Development and PVOs through providing matching grants for PVO-initiated programs. Registered PVOs have increased their private funding to over $1.95 billion annually. They are cost-effective in providing people-to-people assistance for grassroots development. These programs promote international voluntarism and express the best humanitarian spirit of the American public. PVOs also build independent sectors in developing countries which promote more equitable development, pluralism and democracy.

The Office also supports worldwide programs of United States cooperatives, such as the National Rural Electric Cooperative Association, National Cooperative Business Association and World Council of Credit Unions. Through these organizations, United States cooperatives contribute to private sector development, strengthen open markets to overcome monopolies and state-dominated enterprises, and broaden grassroots democracy for low income people through their ownership, control and participation in democratically-run operations of self-help businesses.

PRIVATE AND VOLUNTARY ORGANIZATIONS

The Committee has recommended the inclusion of a provision carried for several years that requires that private voluntary organizations obtain not less than 20 percent of their total funding from sources other than the United States Government.

ZAIRE

The Committee has recommended a provision that requires that all development assistance for Zaire must go through private and voluntary organizations and be notified to the Committee. The Committee has taken this action to assure that development funds for Zaire do not go through the Government of Zaire. A further discussion of Zaire may be found earlier in the report under the "Country Issues" section.

CONSERVATION

The world's remaining tropical forests are largely located in three countries: Brazil, Indonesia and Zaire. Zaire is home to half of Africa's forests along with the largest populations of elephants, Pygmy Chimpanzees and the last 18 White Rhinoceroses.

AID has designated Zaire as one of the countries for its Global Warming Initiative. The AID mission in Zaire has determined that Zaire is a prime location for additional investments in natural conservation. The Committee supports the formation of a consortium of conservation NGOs to conduct work in Zaire.

The Committee recommends that this effort should involve prominent conservation groups working in Zaire including the International Union for the Conservation of Nature, their Zairian partner, IZCN, WWF and the U.S. zoos working in Zaire, including the New York Zoological Society, the Milwaukee Zoo and the Chicago Zoo.

CHILDREN IN CAMBODIA

The Committee has earmarked $5,000,000 in development assistance to provide humanitarian assistance to children in Cambodia. The funding provided in the bill is to be provided through international relief agencies to children within Cambodia. None of the funds are to be available directly or indirectly for the Khmer Rouge.

The fiscal year 1990 Supplemental Act included a discretionary expenditure of $5,000,000 for children in Cambodia. The Committee encourages the Administration to use that authority in fiscal year 1990 to begin the urgently needed program of helping children in Cambodia. The Committee has earmarked funds in the fiscal year 1991 bill to assure that the program is continued.

The funding provided for children in Cambodia is intended to address the desperate needs of children in the part of Cambodia controlled by the government in Phnom Penh, whose access to international assistance has been severely restricted by the isolation of the country. The funds are to be provided only through international relief agencies operating in Cambodia.

The Department of State and the Agency for International Development are to report to the Committees on Appropriations by July 15, 1991 and by October 15, 1991 on the implementation of this provision.

CARIBBEAN COUNTRIES

In previous fiscal years, this Committee has urged the Agency for International Development to pay greater attention to the island nations of the Caribbean. However, despite these nations' longstanding embrace of democratic principles and free markets, they have yet to be the focus of any concerted development program on the part of AID.

The Committee instructs the Agency for International Development to develop an outline of the four or five most pressing infrastructural or sectoral shortfalls of the Commonwealth Caribbean on a country by country basis, as well as the four or five most promising bases of social and economic development.

It is the hope of the Committee that this would provide a starting point for more indepth discussion regarding the economic potential of the region. For fiscal year 1991, the Committee urges that AID allocate no less than $20,000,000 above the President's request to this region in development assistance and that no one country should receive more than 10 percent of the total increase.

SRI LANKA

The Committee recommends that the Agency for International Development provide up to $16,000,000 in development assistance for Sri Lanka.

APPROPRIATE TECHNOLOGY

Appropriate Technology International (ATI) was created in 1976 pursuant to a congressional initiative. ATI is a private, non-profit, development assistance corporation that works with local private and voluntary organizations and other partners in the developing world to identify, adapt, and disseminate technologies through the creation of commercially viable enterprises that improve the productivity, incomes and quality of life of the rural and urban poor.

The Committee has earmarked $2,000,000 in addition to the $3,000,000 operating budget presently funded under the AID–ATI cooperative agreement to enable ATI to leverage the participation of major international donors in addition to AID. These funds are in addition to amounts that would have been otherwise provided to AID. The Committee agrees that ATI, like any other cooperative development organization, should be eligible to cofinance projects of AID missions.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Fiscal year 1990 level	$34,849,500
Fiscal year 1991 request	23,000,000
Committee recommendation	23,000,000

The Committee has recommended funding for the ASHA program at the Administration request level. The Committee continues to recommend that AID take the proper steps to assure a regional balance in the ASHA program. This means that programs in Asia, Latin America and Africa should be strengthened in order to assure a worldwide balance.

American University of Beirut

The American University of Beirut has served as an intellectual, cultural, and humanitarian bridge between the peoples of the Middle East and the United States for almost 125 years. Through times of stability and conflict alike it has been an outpost of reason and tolerance for diverse beliefs, as well as a central point of regional respect and pride.

The American University of Beirut anticipates a $10,000,000 deficit in fiscal year 1991 due mainly to unreimbursed services performed by the American University Hospital, which treated nearly 21,000 of Beirut's injured in 1989 from both the Christian and Muslim sectors of the city. To ensure the continuation of AUB's important contribution to regional development and to sustain the humanitarian work of its hospital, the Committee recommends that AID address the $10,000,000 deficit of the AUB through the ASHA account and through other resources being made available in the bill to AID

OTHER PROGRAMS

Other examples of laudable programs are Project ORBIS, Feinberg Graduate School, Hadassah Medical Relief Agency, and the Givat Haviva Institute.

The Committee continues to support the impressive work of Project ORBIS and strongly urges AID to fully fund the requests for assistance for Project ORBIS. Since its inception in 1982, Project ORBIS has brought its sight-saving skills and knowledge of modern ophthalmic practices to over 60 countries. Countless thousands of people confronting blindness have benefited from the improved medical understanding and techniques transferred to local medical personnel through the ORBIS exchange programs. In addition, over 10,000 people around the world have actually had their sight restored on board the ORBIS plane. Heads of state around the world have acclaimed Project ORBIS for its remarkable success in fighting blindness and in raising awareness of eye health worldwide. In addition, ORBIS has maximized the value of each foreign aid dollar by allocating some 93 percent of its total funding to providing services in the field. The unique, highly efficient and successful Project ORBIS is an exemplary recipient of ASHA funds.

For more than two decades, the Feinberg Graduate School of the Weizmann Institute of Science has been an outstanding model of American scientific education for post-graduate students and scholars from around the world, including developing nations in Latin America, Africa and the Middle East. Since its inception, the Feinberg School has been a major and exemplary recipient of ASHA funds. In light of the school's substantial and continuing contributions to U.S. foreign policy goals, the Committee strongly recommends that AID give favorable consideration to the school's fiscal year 1991 grant request.

The Hadassah Medical Relief Agency in Israel continues to be one of the outstanding grant recipients under the ASHA program. Since 1913, Hadassah has provided health care of the very highest quality to all who come in need—Jews, Christians, Muslims, Druse—regardless of their ethnic origin, religious and political be-

liefs or ability to pay. The Committee strongly recommends that the ASHA program carefully review the Hadassah Medical Relief Agency's needs and consider supporting Hadassah to the maximum extent possible.

The Givat Haviva Institute is at the forefront of efforts to promote democratic values and mutual understanding between Jews and Arab citizens of the State of Israel.

International Disaster Assistance

Fiscal year 1990 level	$29,892,500
Fiscal year 1991 request	40,000,000
Committee recommendation	40,000,000

The Committee commends AID for submitting a more realistic budget request for this account and has responded by providing the full amount requested. However, the Committee continues to believe that this account is underfunded. According to the Office of Foreign Disaster Assistance (OFDA), "the incidence of disasters worldwide is demonstrably escalating and vulnerable populations are increasingly threatened by the vagaries of nature and the cruelties of civil strife." OFDA projections of its use of section 492(b) authority over the past five years suggest that the budget request for fiscal year 1991 should have been at least $5,000,000 higher. The Committee encourages AID to continue its effort to submit more realistic budget requests for this account in the future.

DISPLACED CHILDREN

The Committee has continued to provide $500,000 in disaster assistance to allow for efforts to provide assistance to children who have been displaced because of natural and man-made disasters. The Committee intends that these funds will be used primarily in Africa. A further discussion of issues relating to displaced children can be found earlier in the report.

Payment to the Foreign Service Retirement and Disability Fund

Fiscal year 1990 level	$40,147,000
Fiscal year 1991 request	40,341,000
Committee recommendation	40,341,000

The Committee has recommended funding at the fiscal year 1991 request level for the mandatory payment to the Foreign Service Retirement and Disability Fund.

Operating Expenses of the Agency for International Development

Fiscal year 1990 level	$429,043,900
Fiscal year 1991 request	447,794,000
Committee recommendation	435,000,000

The Committee has recommended funding for AID operating expenses at a level of $435,000,000

FOREIGN AFFAIRS ADMINISTRATIVE SUPPORT LIMITATION

The Committee has included language in the bill limiting the amount spent for Foreign Affairs Administrative Support to $15,000,000.

AID PERSONNEL PRACTICES

Last year the Committee requested a report concerning AID personnel issues. The report was to have been submitted by February 1, 1990. However, no report has been received. Until AID sees fit to provide a personnel report it will be difficult to provide full funding for AID operating expenses. The Committee reiterates its desire to receive a report on Agency personnel and expects this report to be provided no later than February 1, 1991.

AFRICA BUREAU

The Committee notes that it has provided for a substantial increase in funding under the Development Fund for Africa. This increase will impose new demands on AID's Africa Bureau. The personnel and financial needs of the Africa Bureau are not being well met at the present time. The Committee urges the Administrator to rethink the distribution of AID personnel and the allocation of funds to different bureaus for operating expenses in light of the priorities reflected in this bill.

DISADVANTAGED BUSINESS PARTICIPATION

The bill continues and modifies past year language on disadvantaged business participation. Under a general provision (Section 567) AID is to: (1) increase subcontracting opportunities for minority businesses, historically black colleges and universities and minority-controlled private and voluntary organizations; (2) require that contracts be reviewed for potential set aside opportunities prior to their advertisement in the Commerce Business Daily; (3) evaluate the performance of all AID Mission Directors and Deputy Assistant Administrators with respect to this program; (4) award contracts through competitions limited to socially and economically disadvantaged small businesses, historically black colleges and universities and minority-controlled private and voluntary organizations without the requirements of determinations and findings as provided in the Competition in Contracting Act of 1984. In implementing the latter provision, AID should take as a model the Small Disadvantaged Business Set Aside Program established at the Department of Defense under the authority of section 1207 of Public Law 99–661.

The Committee has clarified its intent on the definition of a socially and economically disadvantaged business by referencing section 8(d) of the Small Business Act. This does not reflect a change, but rather the Committee's continuing view that individuals belonging to the minority groups named in section 8(d) should be considered, as they have been rightly considered since the initial implementation of this provision, socially and economically disadvantaged for the purposes of implementing the Gray Amendment.

The Committee has directed AID to report annually to Congress on the implementation of the minority set aside program.

The annual report required by this provision is to use data available both in AID/Washington and country and regional missions to provide the following information:

(1) the number and dollar value of "8(a)" contracts awarded to socially and economically disadvantaged Black Americans, Hispanic Americans, Asian Americans, Native Americans and other minorities, respectively, as compared to the total prime contracting set aside goal;

(2) the number and dollar value of prime contracts awarded, through the less than full and open competitive procedures established in this section, to the entities listed in (1) above and to women owned businesses, respectively, as compared to the total prime contracting set aside goal;

(3) the number and dollar value of subcontracts, excluding 8(a) contracts, awarded to the entities listed in (1) above and to women owned businesses, respectively, as compared to the total subcontracting set aside goal;

(4) the number and dollar value of prime contracts in excess of $500,000 awarded to non-disadvantaged entities, for which the subcontracting goal established by this section was not met;

(5) the number and amounts of grants, cooperative agreements and contracts with historically black colleges and universities and with colleges and universities having a student body in which more than 40% of the students are Hispanic Americans, respectively, as compared to the total number and amounts of grants, cooperative agreements and contracts to all colleges and universities under this Act;

(6) the number and amount of grants, cooperative agreements and contracts with PVOs described in subsection (a) as compared to the number and amounts of grants, cooperative agreements and contracts to all PVOs under this Act;

(7) an analysis of trends evident in reported data and of the strengths and weaknesses of the implementation of this section.

Data should be analyzed to highlight implementation strengths and weaknesses. In the annual report to Congress on this section, the Agency should also include data on the number of contractors who, in the given fiscal year, learned about the Agency's minority set aside program through the Outreach Conferences developed to implement this section. The term "small business" as used in this section is defined by section 3(a)(1) of the Small Business Act (15 U.S.C. 632).

The Committee also urges AID, to the extent practicable, to ensure the participation of minority-owned businesses in the transportation of commodities under the authority of the Agricultural Trade Development and Assistance Act of 1954 as amended by the Food for Peace Act of 1966 and section 416 of the Agricultural Act of 1949.

Operating Expenses of the Agency for International Development Office of Inspector General

OFFICE OF THE INSPECTOR GENERAL

Fiscal year 1990 level	$30,452,700
Fiscal year 1991 request	33,884,000
Committee recommendation	31,384,000

The Committee recommends $31,384,000 for the operating expenses of the Office of the Inspector General of the Agency for International Development.

The Committee held hearings with the General Accounting Office and the AID Inspector General this year. Testimony at those hearings concerning management of AID has raised great concern.

GAO testified that AID had an attitudinal problem about control in general. The Assistant Comptroller General of GAO stated:

> I think that there is a fundamental management philosophy in the Agency for International Development that goes to getting projects approved, to obligating funds up front; to make sure that the dollars that are made available get committed. There is very little time left over by AID officers to tend to the implementation of their activities. Somehow or other we have to build up a reward system over there that goes to monitoring and managing, as well as committing funds. This has been a long-time problem . . .

The AID Inspector General stated:

> There is an attitudinal problem, I think. The agency is not as concerned about accountability and holding people to performance, and by "people" here I am not speaking necessarily within the agency so much as I am our relationships with the countries where we are delivering foreign aid.
>
> We find repeatedly that conditionality associated with foreign aid projects are not enforced by my agency. We find repeatedly the host country contribution problem. We find repeatedly the confusion and disarray in the local currency accounts. These are problems that are discernible, they are identifiable, they are measurable in most cases, and they should be the kind that we, as smart managers, should be able to deal with.
>
> People can disagree on what the solution might be, but there is nothing unusual about that. It should be worked out, a decision made, and we should all march to the same drummer and in the same direction with regard to that solution.

Later in the testimony, the Assistant Comptroller General stated:

> I think . . . it has to start at the top. I think that the Administrator has to enunciate a policy which says that accountability and control is as important to this agency

as is getting the money under contract, as it is in getting projects committed, and that sort of thing.

Then, I think you have to have a regard system, an appraisal system, that takes that into account; that indeed, as people are rated, as people are appraised on the kind of job they are doing, that their supervisors look very closely at the kinds of jobs they have done in their respective areas with respect to getting the kind of accountability and control that is needed over whatever their respective activity is.

It has to be ingrained in the entire management philosophy and appraisal process of the agency.

The Committee believes that the new Administrator of the Agency for International Development needs to focus his attention on the management attitude problem that has been identified. Concern about, emphasis on, and responsiveness toward resolving management problems must originate at the highest levels in the Agency and must be a constant effort. The Committee expects no less.

Housing and Other Credit Guaranty Programs

(LIMITATION ON GUARANTEED LOANS)

Fiscal year 1990 level	($499,750,000)
Fiscal year 1991 request	(100,000,000)
Committee recommendation	(150,000,000)

GUARANTEE RESERVE

Fiscal year 1990 level	$45,000,000
Fiscal year 1991 request	48,000,000
Committee recommendation	48,000,000

The Housing Investment Guaranty Program stimulates greater savings through increased homeownership in developing countries and expands access to formal credit systems, particularly to lower income households. The program is considerably less costly to the United States than other forms of development assistance loans and grants, and it supports efforts to strengthen private sector programs. The Committee has recommended guaranteed loans at $150,000,000, an increase of $50,000,000 above the Administration's request.

The Committee has again included bill language to ensure the full use of Guaranty Authority. The Committee has added language to require that guarantees issued under this program be 100 percent of principal and interest and prohibiting Federal Financing Bank ownership of loans or guarantees. The Committee has also extended the authorization for one year and waived per country limitations for Poland and Chile. The Committee expects that substantial programs will be initiated in Poland and Chile in fiscal year 1991.

Economic Support Fund

Fiscal year 1990 level	$3,946,218,500
Fiscal year 1991 request	3,544,000,000
Committee recommendation	3,460,000,000

The Committee has recommended a total of $3,460,000,000 for the Economic Support Fund.

ISRAEL

The Committee has earmarked $1,200,000,000 in Economic Support Funds for Israel, which is at the fiscal year 1990 level and the amount requested by the Administration. The Committee also requires that these funds be provided to Israel as a cash grant within thirty days of the signing of the bill or by October 31, 1990, whichever is later.

EGYPT

The Committee has earmarked not less than $815,000,000 in Economic Support Funds on a grant basis, and of which sum cash transfer may be provided with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years. The Committee has also earmarked not less than $200,000,000 for Commodity Import Program assistance. The Committee's concerns regarding economic reform in Egypt are addressed earlier in the report.

JORDAN

The Committee has earmarked $35,000,000 in Economic Support Funds for Jordan.

CYPRUS

The Committee has earmarked $15,000,000 in Economic Support Funds for Cyprus. The Committee has also included permissive language allowing funds to support bicommunal projects. The Committee notes the very high priority of resettling refugees and reopening the area of Famagusta/Varosha under the auspices of the United Nations.

The Committee notes that the Administration has outlined a number of proposed bicommunal projects which should be considered. These areas of possible bicommunal cooperation were suggested by our Special Cyprus Coordinator, in his consultations in Cyprus on December 18–21, 1989 and include:

English Language University.—An assessment of the requirements of Cyprus for bicommunal post-secondary education in the English language, taking into consideration existing and planned institutions. This would include an evaluation of requirements for bicommunal cooperation and shared facilities, as well as examination of the feasibility of an additional, privately-funded institution offering an American-style curriculum. The possibility of an expanded role for the Fulbright Commission would be examined.

Economic Feasibility Studies.—Given differences in economic and business conditions in the respective communities, an evaluation by suitably qualified experts, cooperating with an appropriate international institution, of transitional arrangements, special financing needs, and sectoral adjustment measures to ensure that an eventual negotiated settlement would not disadvantage existing firms or economic interests of either community.

Environmental Profile for Cyprus.—An evaluation of the environment, natural resources and cultural heritage of Cyprus in order to coordinate measures to preserve them in the face of increasing urbanization, industrialization and population growth.

Water Resources.—A joint survey of water resources shared by the two communities, funding for needed maintenance and extension of existing facilities such as the Lefka dam, and joint planning for future development.

Library Services.—Funding and expert assistance for the creation of joint-use libraries of technical information for various professions and academic specialties.

Tourism.—An evaluation by the World Tourist Organization of the island's future tourist potential and facilities.

Study of Cyprus Airports.—Technical consultations by the International Civil Aviation Organization on future coordination of airport facilities, traffic patterns, and eventual use or conversion of the Nicosia International Airport.

Cyprus Textbook Project.—Funding and technical assistance for a bicommunal committee of educators to draft texts on Cyprus history and social studies to replace those now in use in primary and secondary schools of both communities.

Sports and Cultural Programs.—Bicommunal training facilities and coaching for young athletes engaged in individual sports and eventually team sports appropriate for Olympic competition; similar facilities and instruction for cultural activities.

Infrastructure Development.—Support for a World Bank (IBRD) survey of requirements for further infrastructure development and coordination.

The Committee is concerned about the lack of progress toward a resolution of the division of Cyprus. The Committee is especially dismayed by the recent counter-productive actions taken by Turkish-Cypriot leader Rauf Denktash, which resulted in the collapse of the latest round of talks in New York earlier this year. The Committee urges both sides to the dispute to make every effort to reach a fair and just solution to the conflict.

NON-MILITARY EXPORTS

The Committee has included a provision from last year's bill requiring that the President ensure, in providing cash transfer assistance to Egypt and Israel, that the level of such assistance does not cause an adverse impact on the total level of non-military exports from the United States to each such country.

CAMP DAVID ACCORDS

The Committee has included prior year language that indicates that it is the sense of Congress that recommended levels of assistance for Israel and Egypt are based in great measure upon their continued participation in the Camp David accords and upon the Egyptian-Israeli peace process.

WEST BANK AND GAZA

The Committee is providing $12,000,000 in fiscal year 1991 for assistance to the West Bank and Gaza through private and voluntary

organizations (PVOs). Started in 1975, this program has focused on health, education, the construction of rural roads, and institution building. The projects funded include land reclamation, agricultural production, potable water, and credit for farmers.

The Committee intends that AID assist Palestinians in the West Bank and Gaza through U.S. private and voluntary organizations as presented in the fiscal year 1991 Congressional Presentation. The strategy was mutually arrived at in consultation with the implementing PVOs. It calls for the promotion of economic growth, creation of a more favorable economic environment, expansion of the capacity of public and private institutions and improved social services.

The Committee believes that support by the United States for the economic and social development of Palestinians is an essential part of the peace process. In particular, the Committee strongly supports PVO programs which strengthen Palestinian institutions including cooperatives, municipalities, charitable societies and other organizations.

Unfortunately, the Committee has received information that AID may intend to change the project focus and curtail the multiple and reinforcing development approaches necessary for institution building as well as social and economic progress. Furthermore, AID has indicated an intention to substantially cut funding for these projects by as much as one-third.

Therefore, the Committee has earmarked funds for PVO projects on the West Bank and Gaza at $12,000,000, the same level as in fiscal year 1990. The Committee directs AID to fully consult with the implementing PVOs and the appropriate foreign policy committees of Congress prior to consideration of policy changes other than those contained in the fiscal year 1991 Congressional Presentation.

ADMINISTRATION OF JUSTICE

The Committee wishes to reiterate its support for the Administration of Justice Program, authorized by section 534 of the Foreign Assistance Act of 1961, as a vital component of United States support for democratic initiatives in developing nations. It is expected that the program will continue to be funded at the levels appropriated in fiscal year 1990. This Committee has included a provision in the bill extending authorization for the Administration of Justice Program to September 30, 1991 and has extended the $7,000,000 limit on funds spent pursuant to Sec. 534(b)(3) of the Foreign Assistance Act of 1961.

EL SALVADOR—INVESTIGATIONS

The Committee notes the 1988 decision by the government of El Salvador that the June 19, 1985 murders of four U.S. Marines assigned to our Embassy in El Salvador is not subject to that country's amnesty law. The Administration is expected to closely monitor legal developments in the case as it progresses through the Salvadoran legal system and to keep the Committee informed of the case's status.

The Committee is encouraged that the Zona Rosa case has recently been reopened, and that the three Salvadorans accused of

participating in this massacre, will be tried for committing acts of terrorism. The Committee further expects that investigations and arrest of others who were allegedly involved will be actively pursued.

The Committee has earmarked up to $1,500,000 for the Special Investigations Unit. The Committee further expects that the recent murder of six Jesuit priests, their housekeeper and her child will be fully and vigorously investigated by this Unit.

EL SALVADOR—SAN SALVADOR ELECTRIC LIGHT COMPANY

The Committee continues to urge the Salvadoran Government to act with respect to the expropriation without compensation of the San Salvador Power and Light Company (CAESS) whose principal owners are from the United States.

This bill provides that among other factors taken into consideration by the Administration when obligating fiscal year 1991 Economic Support Funds to El Salvador, the issue of whether demonstrable progress has been made to settle valid expropriation claims of American citizens as determined by the Supreme Court of El Salvador shall continue to be considered, and that the President shall report to Congress on the extent to which progress has been made on settling this claim.

TIED AID CREDITS

The Committee has included language which limits financing of tied aid credits at $50,000,000 unless the President determines that it is in the national interest to do so and so notifies the Committees on Appropriations. This issue is further addressed in the Export-Import Bank section of the report.

ZAIRE

The Committee has included prior year language prohibiting Economic Support Funds to Zaire.

AVAILABILITY OF FUNDS

The Committee has included language that funds in this account are to remain available for obligation for two years.

DEBT-FOR-DEVELOPMENT PROGRAM

The Committee firmly endorses the establishment of a debt-for-development endowment for Mexico. United States Government funds contributed to the endowment are to be matched by other commitments from foundations, universities and the private sector. The endowment should be administered by the non-federal donors. These funds can be used to purchase Mexican debt on the secondary market. Mexico would contribute in local currency to help finance mutually agreed development projects in an amount at least equal to the share of the United States.

The Committee believes that there is a need to develop permanent linkages between not-for-profit institutions in the U.S. and Mexico. This Mexican Debt-for-Development Exchange Program offers the use of debt swaps to develop and sustain programs in such areas as agriculture, health, research, environment and edu-

cation. Linkage between United States educational institutions and Mexican educational institutions can provide a two way flow of information, people, and training needed for development. Such interrelationships can facilitate technological developments of mutual benefit to both nations.

WEST BANK SETTLEMENTS

The Administration is to report to the Committee by February 1, 1991 on the extent of the Government of Israel's investment in new and expanded settlements in the West Bank and Gaza.

KENYA

Last summer, during a safari trip in Kenya, a Connecticut resident, Mrs. Marie Ferraro, was killed by poachers. Mr. Allen Sullivan, another Connecticut resident, was wounded by a gunshot during the same assault. No one has been arrested in connection with the incident. The Committee beleives the Kenyan government should pusue the case vigorously. The Committee urges an immediate and thorough investigation of this case.

INTERNATIONAL FUND FOR IRELAND

Fiscal year 1990 level	$20,000,000
Fiscal year 1991 request	0
Committee recommendation	20,000,000

The Committee recommends $20,000,000 for the International Fund for Ireland in support of the Anglo-Irish Accord. Also, the Committee has included prior year provisions making funds available as they are needed and until expended.

Great Britain and Ireland in November 1985 signed the Anglo-Irish Agreement as a step toward improving the political, economic, and social conditions existing in Northern Ireland. The agreement, aimed at promoting peace and stability in Northern Ireland and improving cooperation in combating terrorism, received international support as a major step toward reconciliation.

Article 10 of the agreement authorized the creation of an international fund to improve economic and social conditions. This provision indicates that the two governments are to cooperate to promote the economic and social development of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years, and to secure international support for this work.

The International Fund was created in December of 1986 to promote, in Northern Ireland and the southern bordering counties of Ireland, economic and social development and reconciliation by stimulating private investment and enterprise, supplementing public programs, and encouraging voluntary efforts.

The Anglo-Irish Agreement requires that all disbursements from the Fund be distributed in accordance with the principle of equality of opportunity and non-discrimination in employment, and without regard to religious affiliation. All grantees are required to sign a pledge, using the exact words employed by Congress, that any money be used in a nondiscriminatory manner. The letter of offer for every project makes it clear that any violation of this agree-

ment will require the immediate repayment of Fund resources. The Committee notes with satisfaction that the Presidential certifications on the Fund have indicated that funding has taken place with "strict adherence to equality of opportunity and nondiscrimination".

The Committee is pleased to learn that during the past year there have been increased pledges to the Fund from the European community. This increased interest in the Fund is a positive sign of the widening international interest in the goals of the Fund. The Committee encourages efforts to seek additional international support for the Fund.

Projects that have been undertaken by the Fund have had the desired impact of job creation; however the Committee notes that some concerns have been raised over certain projects that have been undertaken. The Committee recommends that none of the funds provided in the bill be used to undertake either recreational or tourism projects.

Philippines Multilateral Assistance Initiative

Fiscal year 1990 level	$159,312,000
Fiscal year 1991 request	200,000,000
Committee recommendation	160,000,000

The Committee recommends $160,000,000 for the Multilateral Assistance Initiative for the Philippines. This is essentially the same level that was provided last year. The MAI is addressed in more detail in the section on the Philippines in the front of this report.

Eastern Europe

Fiscal year 1990 level	$*0
Fiscal year 1991 request	229,979,400
Committee recommendation	418,675,000

*Funding for FY 1990 included under other accounts.

The Committee has recommended $418,675,000 for assistance for Eastern Europe. This aid combined with about $70,000,000 which the Committee is making available for the European Development Bank provides a total recommendation of $489,675,000 for Eastern Europe in fiscal year 1991. The Committee recommendation is $188,675,000 above the $300,000,000 the Administration requested for Eastern Europe.

The Committee recommendation includes:

—$80,000,000 for technical training, including labor, medical and scholarship assistance.

—$30,000,000 for housing and related activities.

—$75,000,000 for environmental programs.

—$20,000,000 for democratic activities.

—$213,675,000 for private sector activities. (This includes $113,675,000 for Polish and Hungarian Private Enterprise Funds, and $100,000,000 for other private enterprise-related activities.) The Committee has included language allowing for reallocation of these amounts through the notification process.

The funding recommended by the Committee is to be used to assist Poland, Hungary, Czechoslovakia and other Eastern European countries which move towards democracy, respect for human

rights and private sector economies. Additional funding is provided in the bill for Peace Corps, the Trade and Development Program, OPIC, and the Export Import Bank for other U.S. programs in Eastern Europe.

Funding has been provided under broad categories in order to maintain the flexibility requested by the Administration due to rapidly changing developments in Eastern Europe and as governments there adjust their priorities to respond to new circumstances.

The Committee includes legislation requiring that all funding has to go through the regular notification process because of the lack of specificity in the Administration's request and the Committee's need to closely monitor how this money is spent.

The Committee expects that the Administration's fiscal year 1992 request for assistance to Eastern Europe will provide greater detail about the various programs and how the money will be spent.

Last year, Congress designated specific groups and organizations to carry out foreign assistance activities in Eastern Europe. The Committee does not list specific organizations in legislation this year in order to provide the Administration with the flexibility it has asked for.

The United States has provided funding to a number of organizations that have been instrumental in helping the people of Poland and Hungary and which continue to carry out important activities there. These organizations include the AFL–CIO's Free Trade Institute assistance for Poland's free trade union, Solidarity; medical assistance through Solidarity's Social Trust Fund, Project Hope, and the Polish American Congress; agricultural activities managed by the Polish Catholic Church and other nongovernmental organizations.

The Committee believes that funding for these organizations and activities should continue and that the Administration should consider providing additional assistance through these and other organizations which have a history and a proven track record in Eastern Europe. This would include the farmer-to-farmer program, United States cooperatives and cooperative organizations.

The Committee believes that the needs in Eastern Europe are tremendous as those societies struggle to achieve democracy and economic reforms. That is why the Committee encourages the involvement of responsible volunteer activities to help the historical process taking place in Eastern Europe.

The Committee strongly believes that substantial United States financial, technical, material assistance and training is in our national interest.

The Committee notes that as countries in Eastern Europe move from a centrally directed economy towards a free market system, technical assistance and training in accounting, real pricing systems, insurance, marketing techniques, management, and many other areas of private sector business, commercial activities and economics will be crucial, as well as training for public officials to deal with, sustain and maintain the transition.

The Committee recommends that technical assistance and training in these areas should receive close attention and adequate re-

sources to meet these vital needs. The Committee notes that the International Executive Service Corps has provided executive and technical expertise through American business volunteers. The Committee believes this organization and others could help provide the expertise needed in this area and it urges the Administration to utilize these and other sources of private sector expertise. In this regard, American business, management, and financial consultants can be hired to assist East European governments in their efforts to shift to a free market system.

The fact that these are relatively advanced developed societies indicates that significant levels of assistance will not be needed over a long, extended period of time. Adequate levels of aid that are efficiently and effectively used over the short-term can help move centrally controlled economies towards market economies, build a sustainable private sector, and integrate these countries into the world economy to the point where large amounts of foreign aid are no longer needed.

The Committee believes that if economic reform and democracy succeed in Eastern Europe, then the dismantling of the Warsaw Pact which has started to take place can be made permanent. The United States can begin to save significant amounts of the $140,000,000,000 it currently spends to support NATO and protect Western Europe from attack from the East.

Those savings could in part be redirected toward other international responsibilities of the United States, such as providing increased economic assistance to struggling and impoverished countries in Africa, which need increased United States support.

GUIDELINES

The Committee notes the guidelines for assistance to Eastern Europe outlined in Report 101-472, Part 1, to accompany H.R. 4610, the International Affairs Authorization Act of 1990, reported by the House Foreign Affairs Committee on May 2, 1990. These guidelines include assistance for private enterprise development; labor market transition; technical training; the Free Enterprise Corps; scholarship partnership; support for democratic institutions; medical assistance, including assistance with respect to health care planning and policy; environmental protection initiatives; and housing assistance.

COOPERATIVES IN EASTERN EUROPE

The Committee believes that the revitalization of cooperatives can play a major role in the emergence of democratic institutions and open market economies throughout Eastern Europe. Democratically controlled cooperatives can strengthen private sector development. Although their status and effectiveness varies from country to country, the principles and practices of cooperatives are generally understood by farmers, consumers and cooperative businesses of the region.

The Committee stresses the importance of cooperatives in Poland since they represent a means to stimulate small and medium size enterprises which are the critical gap in economic development. The Committee also supports the establishment of credit unions

which Solidarity is seeking to create nationwide as a means of providing member-owned savings and lending institutions. Housing, rural telephone and electric systems, based on U.S. cooperative models, are also appropriate types of assistance which should be provided.

Hungarian and Czechoslovakian cooperatives have also requested technical assistance and investments from U.S. cooperatives. Delegations have visited U.S. cooperatives throughout the United States. In these countries, cooperatives represent the best hope for moving to a market economy through divestiture and deregulation from government controlled entities. Hungary and Czechoslovakia as well as other Eastern European governments are concerned about "selling out" to foreign investors. Member-owned private cooperatives are an alternative that puts economic decisions into local hands. In turn, these cooperatives can enter into joint ventures and marketing efforts with foreign companies. The Committee supports the concept of a Cooperative Trade and Business Development Center in Eastern Europe to provide technical assistance, training and equity capital to local cooperatives and to link up United States cooperatives with investment opportunities.

The Committee supports the executive directors of the Polish and Hungarian Enterprise Funds working with United States cooperatives, especially targeted to small and medium size cooperative enterprises.

ENVIRONMENTAL ASSISTANCE TO EASTERN EUROPE

The Committee notes that the nations of Eastern Europe face serious problems in setting up decentralized management systems to deal with environmental problems as well as a bewildering array of conflicting proposals from consultants to remedy specific environmental and energy problems. The Committee believes that the program for Eastern Europe should include efforts to provide state and local environmental agency expertise to Eastern European governments needing assistance in making environmental management and project-specific decisions. Support from state and local counterparts could ease the transition for Eastern European nations from a command-style structure for dealing with energy and environmental problems to a decentralized approach responsive to a market economy.

The Committee notes that environmental problems in Czechoslovakia, as elsewhere in the region, cause severe health problems and could impede future economic growth. The Committee is also aware that the Government of Czechoslovakia has made environmental protection a top priority.

The Committee recommends that the United States provide assistance to Czechoslovakia to address problems such as air and toxic pollution, ground water contamination, waste management, asbestos management, environmental risk assessment, and other areas.

YUGOSLAVIA

In reviewing planned obligations through the notification process for Yugoslavia, the Committee will closely watch the current

human rights concerns in the province of Kosovo. Recently, the Helsinki Commission noted the persecution of minorities in this area as one of the worst remaining human rights problems in Europe. The Committee believes that we cannot let the end of Communist dictatorships lead to the reemergence of old ethnic hatreds.

TELECOMMUNICATIONS

The Committee recognizes the need to revitalize the telecommunications infrastructure networks of the Eastern European countries to support economic growth and further support the democratization movement. To assist in this activity, the Committee will carefully monitor the competitive activities of other countries and especially their state-owned telecom providers in Eastern Europe. Should these entities enter this market using grant and tied aid assistance, the Committee will stand ready to consider ways to respond in order to keep the competition evenly matched.

PRACTICAL BUSINESS TRAINING PROGRAM

The Committee believes there is a need for a practical business program to provide critically needed applied business management training skills and practical business training to the nations of Eastern Europe. Such training should encourage both U.S.-based and host-country-based activities, including internships in the U.S. private sector. It should take place at an institution or institutions with recognized expertise in business, international training, and continuing education, and should be part of a broad institutional commitment to such activities so that Eastern European trainees, government agencies and entities can rely on long-term appropriate follow-up and consultation to ensure effectiveness of the program. Evidence that an institution has an ongoing established agreement for training with appropriate Eastern European entities and agencies should be a factor in determining the siting of the program.

TEACHER EXCHANGE PROGRAM

The Committee is aware that a number of Governors and the National Association of Governors are developing a teacher exchange program with countries in Eastern Europe. This teacher exchange program is designed to respond to the need for English language instruction in Eastern Europe and to strengthen the teaching of democratic values. Teachers from New York will be travelling to Poland this summer as part of a pilot program to test this concept and demonstrate its effectiveness. The Committee urges the Administration to work with and support our nation's Governors on this initiative.

STRENGTHENING LIBRARIES

Years of war, censorship, and the sale of national treasures, as well as underfunding and prohibitions on Western materials, have depleted the resource base of libraries throughout Eastern Europe. This has denied citizens and scholars in those countries the materials necessary to study, understand, and apply democratic principles as well as access to their own cultural heritage. Rebuilding those

libraries is essential for the economic and political restructuring of these countries.

The New York Public Library is a major public research institution with long-standing relationships with libraries in Eastern Europe. It has an unparalleled collection of retrospective and current materials on the region. It also has an active periodical preservation program, extensive bibliographic resources, and strong cooperative relations on Eastern Europe with other major universities. The Committee urges AID to carefully examine the importance and need for revitalizing the long-neglected libraries in Eastern Europe and the establishment of working relationships between those institutions and the New York Public Library.

African Development Foundation

Fiscal year 1990 level	$8,846,300
Fiscal year 1991 request	11,500,000
Committee recommendation	13,000,000

The Committee continues its support and has substantially increased funding for the high priority African Development Foundation. The ADF provides the kind of grass roots support that helps the poorest of the poor to find ways to improve their lives, and the Committee has recommended an increase in funding over the amount provided in fiscal year 1990.

Inter-American Foundation

Fiscal year 1990 level	$16,859,192
Fiscal year 1991 request	16,941,000
Committee recommendation	25,000,000

The Committee has provided $25,000,000 for this account. The Committee continues to support the use of 100 percent of the remaining Social Progress Trust repayments for IAF activities.

The Committee is aware of the significant contributions made by the Inter-American Foundation (IAF) to grass-roots development in Central and South America and urges the Foundation to use funds provided above the request to re-establish programs in Panama and Nicaragua.

Overseas Private Investment Corporation

(LIMITATION ON DIRECT LOANS)

Fiscal year 1990 level	($19,914,000)
Fiscal year 1991 request	(23,000,000)
Committee recommendation	(40,000,000)

(LIMITATION ON GUARANTEED LOANS)

Fiscal year 1990 level	($211,537,500)
Fiscal year 1991 request	(185,000,000)
Committee recommendation	(250,000,000)

The Committee recommends a limitation of $40,000,000 in direct loans and $250,000,000 in guarantee loans for OPIC. These increases of $17,000,000 in direct loans and $65,000,000 in guaranteed loans are part of the Eastern Europe initiative of the Committee, described under that section of the report.

PEACE CORPS

Fiscal year 1990 level	$165,648,960
Fiscal year 1991 request	181,061,000
Committee recommendation	186,000,000

The Committee strongly supports the work of the Peace Corps and believes the Administration should assure that future funding requests are adequate to meet Peace Corps' needs. The Committee has provided an approximate 13 percent increase in Peace Corps funding to expand Peace Corps programs worldwide.

The Committee endorses Peace Corps programs in Eastern Europe and recommends that the Peace Corps move forward aggressively on new programs in that region.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

Fiscal year 1990 level	$113,040,500
Fiscal year 1991 request	150,000,000
Committee recommendation	150,000,000

The Committee has recommended the full amount requested by the Administration for International Narcotics Control. However, the Committee is concerned by reports of management and policy problems associated with the International Narcotics Control program. The Committee believes that the Department of State should take immediate steps to clarify program objectives and to resolve management problems that were raised by the Department of State Inspector General. The Department is to provide the Committee a report on initiatives that have been taken to improve the management and control of the International Narcotics Control program. This report is to be submitted to the Committee by February 1, 1991. A further discussion of the program for International Narcotics Control may be found earlier in the report under Items of Special Interest.

MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 1990 level	$443,409,000
Fiscal year 1991 request	450,648,000
Committee recommendation	485,648,000

The Committee has recommended funding for refugee programs at a level of $45,000,000 in total above the amount requested by the Administration. This includes an increase of $35,000,000 in the Migration and Refugee Assistance account and a $10,000,000 increase in the Emergency Refugee and Migration Assistance Fund. This increase in funding is necessary to meet increased needs in the assistance and admissions programs.

The Committee noted last year the deficiency in the funding originally requested for refugee programs in fiscal year 1990. In order to address these needs Congress approved $100,000,000 for fiscal year 1990 supplemental appropriations for refugee admissions and assistance. Although the Administration did request an increase in the refugee program over the fiscal year 1990 request, increased assistance needs especially in Africa and the large influx

of refugees leaving the Soviet Union and coming to the United States and Israel have made the fiscal year 1991 request insufficient. Unless there are major changes in assistance and admission needs it is unlikely whether even the increased funding level recommended by the Committee will be enough to meet all of the needs of the upcoming year.

SOVIET REFUGEES

The Committee has recommended and Congress has passed three Supplemental bills during the past year to address the need for additional assistance for refugees being permitted to leave the Soviet Union. These supplementals permitted the United States to assist refugees leaving the Soviet Union. Many of these refugees had been waiting more than 20 years to obtain permission by the Soviet Government to leave the Soviet Union.

The surge in refugees leaving the Soviet Union continues at levels far exceeding expectations. Since the reopening by the Soviets of departure permits last fall more than 500,000 Soviets have obtained permits to leave the Soviet Union and come to the United States. Instead of a predicted fall off in the number of applicants to come to the United States if anything the trend is increasing. As many as 10,000 Soviets a month are coming to the United States embassy in Moscow and obtaining applications for admission to the United States.

The Committee is concerned that the Department of State has not provided adequate funding to allow for the full funding of 50,000 refugees coming to the United States from the Soviet Union. The Committee recommends full funding for 50,000 Soviet refugees during fiscal year 1991.

BURMESE STUDENTS

The Committee has earmarked $250,000 for assistance to any Burmese person in Burma or Thailand who has been displaced as a result of events relating to civil conflict.

AMERASIANS IN VIETNAM

The Committee notes with satisfaction the continued progress on the expedited departure of Amerasians from Vietnam. While the Committee had urged completion of this program by the end of fiscal year 1990, the Committee realizes that due to the unexpectedly large number of Amerasians and family members, that goal will not be met until fiscal year 1991. Thus, the Committee has removed the September 30, 1990 deadline for expiration of the program.

The Committee has also included bill language which amends the "Amerasian Homecoming Act" so that married Amerasians may be accompanied by both their spouse and their mother, and not have to make a choice as is currently the situation.

ISRAELI REFUGEES

Soviet Jews continue to arrive in Israel at levels not estimated six months ago by even the most optimistic official. A year ago less than 400 Soviet Jews a month were coming to Israel. In May of

this year the number arriving exceeded 10,000. The number of Soviet Jews coming to Israel in calendar year 1990 will most likely reach 100,000. Refugees are also coming to Israel from Ethiopia and other regions. The Committee continues to support programs to assist refugees in Israel.

The Committee has earmarked $45,000,000 for the resettlement of Soviet, Eastern European and other refugees resettling in Israel. This funding will address the needs of new refugees resettling in Israel and support ongoing refugee programs.

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST (UNRWA)

The Committee finds that the United Nations Relief and Works Agency for Palestine Refugees in the Near East has increased its relief and health care activity since the Palestinian uprising began in December 1987. As a result of clashes between Palestinians and Israelis, health clinics must remain open for extended periods of time, requiring additional medical personnel and supplies. Consequently, UNRWA's operating costs are projected to increase next year by more than 6 percent. The Committee feels that the level of funding for UNRWA in fiscal year 1991 should return to at least the fiscal year 1989 level of $67,000,000.

TIBETAN REFUGEES

Since the imposition of martial law in Tibet several months before the Tiananmen massacre, a number of Tibetan refugees have fled to India and Nepal. Most of these exiles are cared for by the Central Tibetan Administration (CTA) under the leadership of the Dalai Lama. Given the harsh Chinese crackdown in Tibet and the mixed signal continued MFN status gives the Chinese government, the Committee recommends the provision of $1,000,000 for the CTA to support the refugees.

AFRICAN AMERICAN HEBREW COMMUNITY

The Committee recommeds that up to $5,000,000 in refugee assistance be made available to address the needs of the African American Hebrew Community in Israel in accordance with an agreement among representatives of that community, the Government of Israel, and the Government of the United States. This one-time assistance program is to be administered by a nongovernmental or private voluntary organization. The Committee expects to be advised when a plan is devised to implement this program.

LIBERIAN REFUGEES

The Committee notes with concern the virtual flood of refugees which have fled Liberia into both Guinea and Cote d'Ivoire, and are now also flowing into Sierra Leone. The Committee urges the Department of State to undertake whatever steps it can to ease the situation for these refugees, including support for the highest possible level of assistance for these refugees through the United Nations High Commissioner on Refugees. To the extent that United States direct assistance is provided to these refugees, the Committee urges that the Administration focus on the dire need for small

transport vehicles, which are urgently needed to transport supplies over the treacherous terrain in the region.

United States Emergency Refugee and Migration Assistance Fund

Fiscal year 1990 level	$74,785,000
Fiscal year 1991 request	25,000,000
Committee recommendation	35,000,000

The Committee has recommended $35,000,000 for the fund for emergency refugee assistance. The recommended amount is $10,000,000 above the $25,000,000 requested by the Administration. The Committee has provided additional assistance based on projected drawdowns of the fund in order to assure that adequate funding is available to meet unanticipated refugee needs that may arise during fiscal year 1991.

Anti-Terrorism Assistance

Fiscal year 1990 level	$9,973,927
Fiscal year 1991 request	12,026,000
Committee recommendation	12,026,000

The Committee has recommended funding for anti-terrorism assistance at the level requested by the Administration.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 1990 level	$47,196,180
Fiscal year 1991 request	50,500,000
Committee recommendation	47,196,000

The Committee has recommended funding for International Military Education and Training at the fiscal year 1990 level of $47,196,000.

PROGRAM OBJECTIVES

The Committee believes it is the professional responsibility of a member of the military to: (1) seek to prevent all abuses of the human rights of civilians, and captured or surrendered military personnel, such as murder, torture, physical abuse or harassment; detention without notice or without cause; the use of physical or psychological pressure or threats to gain information or confessions; attacks on the property or person of noncombatants, whether or not the presence of combatants in the vicinity is suspected; denial of access to or destruction or theft of food, crops, water supply, livestock, and medical treatment, supplies or equipment; (2) seek to prevent all cases of corruption by military personnel; (3) report any suspected abuses of human rights or cases of corruption in full detail to higher authorities in an effort to ensure that they are investigated and punished; and (4) ensure that the military does not play a political role and follows the orders of freely-elected civilian authority.

These professional responsibilities are too often ignored in many of the countries assisted under this program. The Committee considered including a provision in this bill that would have required instruction for all foreign personnel trained under this program to include specific units of instruction on each of the responsibilities detailed above, instruction that would include participatory exercises such as role-playing and discussion of examples of actual instances of violations of these responsibilities.

The Committee also considered including a provision that would have required that not less than 20 percent of the funds appropriated each year for this program (and not less than 20 percent of the personnel trained under the program each year) be used for training foreign civilian officials in managing military establishments and budgets, or in training foreign military and civilian officials in creating and maintaining military judicial systems and military codes of conduct.

These provisions would reorient this program in a way designed to strengthen civilian control of the military, and to explicitly en-

courage certain values in foreign military personnel. Because of the way in which this program operates, however, the Committee recognized that it would not be possible to fully implement these provisions in fiscal year 1991.

Nonetheless, the Committee encourages the State Department and the Defense Security Assistance Agency, working with the relevant authorizing committees, to rethink the objectives of this program and to reorient it in a manner that is responsive to the concerns expressed in this report.

HIGH-INCOME COUNTRIES

The Committee recognizes that this program is designed to serve the interests of both the United States and those countries whose military receive training under the program, but continues to express its disapproval of the excessive use of funds to provide grant military education and training to countries that can afford to pay for such training.

In the fiscal year 1989 foreign aid appropriations bill (P.L. 100–461), Congress prohibited such training for countries with a per capita gross national product (GNP) in excess of $2,349 unless those countries agreed to fund, from their own resources, the transportation costs and living allowances of their students. Last year Congress considered expanding this provision but chose not to do so. That decision was taken solely to permit an orderly reduction of grant IMET training to high-income countries.

It is the intention of this Committee that no country with a per capita income in excess of $2,349 (based on *World Development Report 1988*) should receive more than $300,000 in grant military education and training under the IMET program in any fiscal year after fiscal year 1992. To achieve this objective, the Committee directs the Department of State and the Defense Security Assistance Agency as follows:

(1) No high income country may receive more than $300,000 in grant military education and training under this program in fiscal year 1991 or any subsequent fiscal year except Greece, Korea and Spain.

(2) Greece may not receive more than $300,000 in grant military education and training under this program in fiscal year 1992 or any subsequent fiscal year.

(3) Korea and Spain may not receive more than $300,000 in grant military education and training under this program in fiscal year 1993 or any subsequent fiscal year.

In addition to imposing an overall ceiling of $300,000 on the amount of grant military education and training for any specific high-income country, the Committee directs that not more than $2,000,000 in training shall be provided to high-income countries in the aggregate effective as of fiscal year 1993.

FOREIGN MILITARY FINANCING PROGRAM

Fiscal year 1990 level	$4,827,642,056
Fiscal year 1991 request	5,016,900,000
Committee recommendation	4,634,920,800

The Committee has recommended $4,634,920,800 for the Foreign Military Financing Program. The recommended amount is $192,721,256 below the $4,827,642,056 provided in fiscal year 1990. The fiscal year 1990 amount reflects $124,462,500 provided for the Counter Narcotics Program.

ISRAEL

The Committee has earmarked a total Foreign Military Financing Program of $1,800,000,000 in forgiven loans for Israel. The Committee has also recommended $1,200,00,000 in Economic Support Funds, for a total security assistance program for Israel of $3,000,000,000.

The Committee has included bill language that allows, to the extent requested by the Government of Israel, funds to be used for advanced fighter aircraft programs or for other advanced weapon systems. Up to $150,000,000 in the funds provided to Israel are available for research and development in the United States and not less that $475,000,000 shall be available for procurement in Israel of defense articles and defense services, including research and development.

EGYPT

The Committee has earmarked a total Foreign Military Financing Program for Egypt of $1,300,000,000. Also $815,000,000 in Economic Support Funds has been earmarked for Egypt. The total earmarked program for Egypt is $2,115,000,000.

JORDAN

The Committee has earmarked $50,000,000 in Foreign Military Financing grants for Jordan.

GOVERNMENT TO GOVERNMENT PROCUREMENT

The Committee has included a provision in the bill setting non-government to government procurement at a level of $300,000,000 for countries other than Israel and Egypt.

FMS EXPENDITURE RATE

The Committee has included bill language approved in last year's bill that requires that Foreign Military Financing funds be expended at the minimum rate necessary to make timely payments for defense articles and services.

CONCESSIONAL LOANS

The Committee has recommended concessional rate of interest on Foreign Military Financing loans at not less than 5 percent per year.

DIRECT LOANS

The Committee has included a provision in the bill setting the amount of direct Foreign Military Financing loans at $405,000,000.

ADMINISTRATIVE EXPENSES

The Committee has recommended a limitation on Administrative Expenses of $27,920,800.

HAITI

The Committee has included language in the bill that only non-lethal military assistance may be provided to Haiti, and that all military assistance is to be provided through the Committee's notification process.

GUATEMALA

The Committee has placed a limitation in the bill of $2,887,000 in non-lethal assistance to Guatemala. Military assistance for Guatemala is to be provided through the notification process.

ZAIRE, SUDAN AND SOMALIA PROHIBITIONS

The Committee has included bill language prohibiting military assistance to Zaire, Sudan and Somalia. Issues related to these countries are discussed earlier in the report under the "Country Issues" section.

AUDIT OF FUNDS

The Committee has continued a provision in the bill that requires the Department of Defense to conduct audits of private firms and subcontractors whose contracts are made directly with foreign governments and are financed with funds made available under this bill.

PLAN FOR EXCESS DEFENSE EQUIPMENT

The Committee recommends that the Department of Defense and the State Department prepare a plan on the amount and planned disposition of excess defense equipment in Europe. This plan is to be presented to the appropriate Committees prior to providing fiscal year 1991 excess defense equipment.

PHILIPPINES

The Committee has included two provisions in the bill concerning the Philippine military program. The Committee has repeated the provision which was included last year requiring that currently unrestricted prior year military funds be expended only through government to government contracts. The Committee also has required that the Philippines use approximately $29,000,000 in previously provided five percent concessional loan authority by January 1, 1991. The Committee has taken this action because it is tired of annually turning down the inevitable Administration request to turn these prior year loans into grants. The prior Administration agreed to make this request in its side letter to the bases agreement. But, the precedent of turning prior year loans into grants and the budgetary scoring of such an action as if it were new budget authority makes such an action foolish. Further, the Committee is well aware that the Government of the Philippines despite its substantial debt burdens has borrowed hundreds of mil-

lions of dollars at interest rates well exceeding the concessional rate of these military loans. The Committee feels that it is time to resolve this issue for good.

GREECE AND TURKEY

The Committee has included a provision in the bill that specifies that the total amount of military assistance to Greece and Turkey is to be provided according to a seven to ten ratio.

EUROPEAN BASE RIGHTS LIMITATIONS

The Committee has included language in the bill setting a limitation on the amount of funding for European base rights countries. These limitations have been set based on changes that have occurred in the Soviet Union, Eastern Europe and the rest of Europe, as discussed earlier in the report. The funding limitations included in the bill are as follows:

Greece	$301,000,000
Turkey	430,000,000
Portugal	95,000,000

FOREIGN MILITARY SALES DEBT REFORM

In fiscal year 1989 Congress provided an advance appropriation of $270,000,000 for the purpose of "buying down" FMS interest rates subject to a Presidential budget request. The Administration has not requested the funding in any of the subsequent years. The Committee again has therefore provided the same advance appropriation for fiscal year 1992.

GUARANTY RESERVE FUND

Fiscal year 1990 level	$719,545,000
Fiscal year 1991 request	587,061,000
Committee recommendation	587,061,000

The Committee has recommended funding for the Guaranty Reserve Fund at the level requested by the Administration.

SPECIAL DEFENSE ACQUISITION FUND

(LIMITATION OF OBLIGATIONS)

Fiscal year 1990 level	$278,796,000
Fiscal year 1991 request	325,000,000
Committee recommendation	278,796,000

The Committee has recommended funding for the Special Defense Acquisition Fund at the fiscal year 1990 level.

PEACEKEEPING OPERATIONS

Fiscal year 1990 level	$32,773,479
Fiscal year 1991 request	32,800,000
Committee recommendation	32,800,000

The Committee has recommended the amount requested by the Administration for voluntary contributions for International Peacekeeping Operations. The Committee expresses its continued concern that the Cyprus Peacekeeping Force program is operating at a

financial deficit. The Committee believes that the United States has been carrying a disproportionate share of this deficit. The Committee directs the Administration to expedite efforts to correct the Cyprus Peacekeeping Force deficit.

TITLE IV—EXPORT ASSISTANCE

EXPORT-IMPORT BANK OF THE UNITED STATES

LIMITATION OF PROGRAM ACTIVITY

(LIMITATION ON DIRECT LOANS)

Fiscal year 1990 level	$612,355,000
Fiscal year 1991 request	500,000,000
Committee recommendation	750,000,000

(LIMITATION ON GUARANTEED LOANS)

Fiscal year 1990 level	$10,191,407,800
Fiscal year 1991 request	10,599,064,000
Committee recommendation	10,599,064,000

(LIMITATION ON ADMINISTRATIVE EXPENSES)

Fiscal year 1990 level	$21,905,400
Fiscal year 1991 request	23,171,000
Committee recommendation	23,171,000

TIED AID

Fiscal year 1990 level	$109,527,000
Fiscal year 1991 request	114,000,000
Committee recommendation	150,000,000

INTEREST EQUALIZATION PROGRAM

Fiscal year 1990 level	$19,914,000
Fiscal year 1991 request	0
Committee recommendation	8,000,000

The Committee recommends a limitation of $750,000,000 in direct loans for the Export-Import Bank, an increase of $250,000,000 above the request and an increase of $137,644,500 above the fiscal year 1990 level. The Committee also recommends $8,000,000 for the Interest Equalization Program (IEP), $150,000,000 for the Tied Aid war chest, and a limitation of $10,599,064,000 for the guaranteed loan program. The Tied Aid and the IEP funds are limited by the total amount of the direct credit program.

The United States is in its sixth year of trade deficits which exceed a total of $100,000,000,000. Experts are predicting that this situation will get worse as oil prices and commodity prices increase. Consequently, the Committee recommends a wide range of substantial increases in export related programs.

The Committee is disturbed by the actions of other governments subsidizing their exports, utilizing mixed credits and tied aid programs, and skewing their foreign assistance programs to serve domestic commercial interests rather than foreign development

needs. The Committee believes that it is time for the United States government to respond strongly in order to encourage international negotiations aimed at lessening these market and competition distorting practices.

Consequently, the Committee has provided a substantial increase in the direct credit program of the Bank. The Committee has provided a significant increase in the tied aid program and also has provided for the continuation of the Interest Equalization Program which was initiated in the fiscal year 1990 bill and was mandated in the fiscal year 1990 supplemental. The Committee was constrained from providing additional IEP funds by the guaranteed loan credit ceiling that was contained in the House Budget Resolution. The Committee hopes that a Budget Resolution conference will provide additional guaranteed loan credits so that this shortfall can be addressed in conference.

The Committee further has increased the tied aid grant in the Economic Support Fund to $50,000,000 and has provided a mechanism to exceed even this increased level. In order to keep track of tied aid and mixed credit activities, the Committee has required that all such funds go through the notification process.

While the Committee strongly supports increased export related programs, the Committee believes that it should be known that funds provided for other foreign assistance programs are primarily spent either in the United States, or on American procurement, supplies, equipment, and technical and consulting services, at levels or for contributions to programs which have United States procurement which exceed the American contribution level.

MALAYSIA

The Committee notes that American firms have indicated that Malaysia has engaged in unfair and unreasonable trade practices affecting several United States industries including fullers' earth used in the edible oil industry. The Committee strongly recommends that the Malayan authorities act to open its market to these products prior to consideration of the fiscal year 1992 bill.

TRADE AND DEVELOPMENT PROGRAM

Fiscal year 1990 level	$31,499,400
Fiscal year 1991 request	30,000,000
Committee recommendation	35,000,000

The Committee recommends $35,000,000 for the Trade and Development Program, an increase of $5,000,000 above the request and an increase of $3,500,600 above the fiscal year 1990 level.

The Committee believes that this program is particularly effective at helping American businesses get in on the ground floor in competing for contracts overseas. The program primarily funds feasibility and consulting studies for major priority projects in other countries. This increase is a portion of the export initiative of the Committee for fiscal year 1991.

TRADE CREDIT INSURANCE PROGRAM

Fiscal year 1990 level	($398,280,000)
Fiscal year 1991 request	(400,000,000)
Committee recommendation	(400,000,000)

The Committee recommends $400,000,000 for the Trade Credit Insurance Program, including $200,000,000 each for Central America and for Eastern Europe. The Committee has included bill language ensuring that the medium term lending of the Export Import Bank for Eastern Europe is covered by the TCIP.

TITLE V—GENERAL PROVISIONS

The Committee recommends that the following new and revised general provisions be included in the bill:

PROHIBITION AGAINST DIRECT FUNDING FOR CERTAIN COUNTRIES

The Committee has revised Section 512, relating to prohibitions on the provision of assistance, to delete reference to South Yemen and to delete authority for the President to waive this provision as it applies to the Export-Import Bank.

DEOBLIGATION/REOBLIGATION AUTHORITY

The Committee has updated Section 515, relating to the period of availability of deobligated funds.

AVAILABILITY OF FUNDS

The Committee has revised Section 517 to allow A.I.D. operating expense funds to remain available until expended if these funds are initially obligated during their period of availability.

LIMITATION ON ASSISTANCE TO COUNTRIES IN DEFAULT

The Committee has made a technical change to Section 518, relating to countries in default on their repayments of loans to the United States to change "activities" to "assistance".

COMMERCE AND TRADE

The Committee has revised Section 521 to include, as separate subsections, related provisions (Sections 546 and 547 of last year's bill) regarding financing of commodities which may be in competition with United States exports or production, as the case may be.

NOTIFICATION REQUIREMENTS

The Committee has revised Section 523, Notification Requirements, to provide additional clarification on economic and military notifications.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The Committee has revised Section 526, relating to limiting funding to international organizations under certain circumstances, to delete reference to the Southwest Africa People's Organization.

ASSISTANCE FOR EL SALVADOR

The Committee has deleted Section 554 and has included language (Section 531) which conditions military aid to El Salvador. The following is an explanation of the provision:

Incentives for Peace

The purpose of the provision is to create an incentive for both the government of El Salvador and the FMLN to engage in good faith negotiations for a cease-fire and a permanent settlement to the war. The provision would limit total fiscal year 1991 military assistance to El Salvador to $85,000,000, and in addition would withhold 50 percent of that assistance to El Salvador unless the President finds that either the government of El Salvador or the FMLN is failing to meet certain conditions. If the failure is on the part of the government, no military assistance will be provided. If the failure is on the part of the FMLN, the remaining 50 percent of the assistance will be released.

Conditions under which 100 percent of military aid would be continued

If the FMLN declines to participate in good faith in negotiations for a cease-fire and a permanent settlement to war, or rejects or otherwise fails to support an active role for the Secretary General of the U.N. in those negotiations;

If the U.S. government has proof that the FMLN is continuing to acquire or receive significant shipments of lethal military equipment from outside El Salvador, and this proof has been shared with the Congress;

If the survival of the constitutional government of El Salvador is being jeopardized by substantial and sustained military actions or operations by the FMLN; or

If the FMLN is engaged in assassinating or abducting civilian noncombatants, or is engaging in other acts of violence directed at civilian targets, or is failing to control such activities by elements subject to FMLN control.

Conditions under which U.S. military aid would be terminated

If the elected government of El Salvador is overthrown;

If the government declines to participate in good faith in negotiations or to accept an active role for the Secretary General in those negotiations; or

If the government fails to conduct a serious and professional investigation into, and prosecution of those responsible for, the murders at the University of Central America on November 16, 1989;

If the military or security forces of El Salvador are assassinating or abducting civilian noncombatants, or are engaging in other acts of violence directed at civilian targets, or are failing to control such activities by elements subject to the control of those forces.

In Summary

U.S. military assistance to El Salvador would be reduced for fiscal year 1991, by half of the total of $85,000,000; if the FMLN is willing to negotiate; if it is not engaged in offensive military operations that threaten the survival of the government; and if it is not receiving substantial shipments of lethal military equipment from outside the country.

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Any military aid that is still being withheld at the end of fiscal year 1991 would be re-programmed and used for basic humanitarian assistance at the end of the fiscal year.

Presidential Reports

The President may submit a report to Congress at any time making determinations on the conditions which may exist in El Salvador.

The President is required to submit two reports to Congress. The first, 30 days after enactment, and the second, on March 1, 1991. The reports shall describe the status of negotiations between the government and the FMLN, the criteria the President intends to use in making the findings listed above concerning the behavior of the two sides, and a discussion of the activities of the two sides that may be adversely affecting human rights.

In addition the reports must describe: (1) progress made by El Salvador relating to judicial reform, freedom of the press and assembly, and military reform; (2) the effects on the civilian population of economic sabotage and other acts of violence committed against civilian targets by the FMLN; and (3) the status of investigations into politically motivated murders and the extent to which the armed forces of El Salvador and the FMLN are each cooperating in those investigations.

Mid-year Congressional Review

In order to provide the opportunity for a meaningful mid-year review of the effect of this provision, the military assistance available for El Salvador for fiscal year 1991 shall be provided in two equal halves. At the time of his March 1 report, the President may propose the allocation of the second half. Congress has 30 days to disapprove or modify the President's request, by joint resolution, under expedited procedures.

Strengthen civilian control over the military

The prior approval of the President of El Salvador is required before any U.S. military assistance funds may be delivered to the Salvadoran military.

Support for Democracy

Through the National Endowment for Democracy or similar organizations, the Secretary of State is authorized $10,000,000 to develop and carry out an education, training and dialogue program aimed at strengthening democratic legal and political institutions in El Salvador. The bill also earmarks $2,000,000 of these funds for registration, and campaign and election monitoring of the 1991 municipal and national assembly elections.

Expedited Procedures

The provision includes expedited procedures for Congressional consideration of any Joint Resolution that may result from Presidential determinations.

ENVIRONMENTAL CONCERNS

The Committee has revised Section 533 relating to environmental concerns. The new section is discussed earlier in the report under Items of Special Interest.

MONTREAL PROTOCOL FACILITATION FUND

The Committee has revised Section 534 of last year's bill and incorporated it into Section 533 and has added a new section directing funding for the Montreal Protocol on Substances that Deplete the Ozone Layer as discussed earlier in the report.

AFGHANISTAN—HUMANITARIAN ASSISTANCE

The Committee has revised Section 536, Afghanistan—Humanitarian Assistance, to indicate that the President may provide up to $70,000,000 in economic and military assistance to the Afghan people. The section also deletes the requirement to transfer $13,500,000 to the United Nations Afghanistan Resettlement Program. Funding for this program for fiscal year 1991 is contained in the International Organizations and Programs account.

EL SALVADOR—INVESTIGATION OF MURDERS

The Committee has revised Section 538 relating to the investigation of murders in El Salvador, in order to add reference to the murders of the six Jesuit priests and their associates.

SPECIAL NOTIFICATION REQUIREMENTS

The Committee has revised Section 541, Special Notification Requirements. The fiscal year 1991 provision requires the notification of economic and military programs for Sudan, Liberia, Somalia, Zaire, Lebanon, Chile, Haiti, and Yemen.

CHILD SURVIVAL AND AIDS ACTIVITIES

The Committee has revised Section 543 to increase funding for certain personnel to address child survival and AIDS problems.

CHILE

The Committee has revised Section 544 regarding assistance to Chile. The Committee is encouraged by recent developments in Chile and has as a result substantially revised the provision addressing aid to Chile. The provision continues authority for administration of justice programs. The Committee expects that AID will devote at least $5,000,000 in fiscal year 1991 for democracy building and other similar programs in Chile.

The Committee has also waived the per country limitation for Housing Guaranty programs in Chile. The Committee expects that AID will initiate a significant housing guaranty program in Chile of $20,000,000.

PROHIBITION AGAINST INDIRECT FUNDING TO CERTAIN COUNTRIES

The Committee has revised Section 545, regarding the prohibition against indirect funding to certain countries, to delete reference to South Yemen.

RECIPROCAL LEASING

The Committee has revised Section 546, Reciprocal Leasing, to change the effective date from 1990 to 1991.

DEFENSE EQUIPMENT DRAWDOWN

The Committee has revised Section 547, regarding authority to draw down certain defense equipment, to establish a $100 million aggregate on the exercise of this authority.

AUTHORIZATION REQUIREMENT

The Committee has revised Section 549 to require authorization of funds appropriated in the bill.

NOTIFICATION TO CONGRESS ON DEBT RELIEF AGREEMENTS

The Committee has revised Section 550 to apply Congressional notification procedures to Paris Club reschedulings.

MIDDLE EAST REGIONAL COOPERATION

The Committee has revised Section 551, Middle East Regional Cooperation, to extend the Israel-Arab Scholarships program.

EARMARKS

The Committee has revised Section 554 in order to update the effective date or this provision.

SOUTH AFRICA—SCHOLARSHIPS

The Committee has revised Section 558 to provide that up to $10,000,000 may be available for scholarships for disadvantaged South Africans.

NARCOTICS CONTROL PROGRAM

The Committee has revised section 559 relating to narcotics control assistance. This provision is discussed earlier in this report.

CAMBODIA

The Committee has revised Section 562 regarding assistance for Cambodia.

In the course of the year, a number of efforts have been underway—including those presently occurring under the auspices of the permanent five members of the United Nations Security Council—to bring a peaceful and enduring conclusion to the civil war in Cambodia.

The Committee believes that the time has come to redirect the assistance that the United States has provided to the non-communist resistance (NCR)—which has largely been used to sustain and augment the military capacity of the NCR and their allies, the Khmer Rouge—and instead utilize U.S. assistance to encourage and to enhance international efforts in support of a peaceful resolution of the Cambodian conflict.

The Committee does not believe that any funds should go to the NCR. Although it has been long-standing policy of the United

States to limit our assistance to the non-communist factions to humanitarian, non-lethal purposes, the distinction between military and non-military assistance has been blurred in recent years and American aid has been used to embolden the resistance groups militarily. Military enterprises in the region have impoverished the Cambodian people and debilitated the warring factions, without engendering durable, democratic institutions within any of the factions.

Moreover, as the NCR is in a formal alliance, both militarily and politically, with the Khmer Rouge, it has become impossible to guarantee that our assistance is not also aiding the Khmer Rouge on the battlefield and in the course of international negotiations. Above all else the world has the most to fear from any resurgence of power of the genocidal Khmer Rouge and this should govern U.S. action in Indochina.

The Committee has provided up to $10,000,000 to be used to support credible efforts to end the violence in Cambodia and bring about a lasting peace. Such activities would include verification of the withdrawal of the preponderance of Vietnamese troops from Cambodia, improvements within Cambodia to facilitate an enhanced role for the United Nations or other international entities pursuing a peaceful settlement of the Cambodian conflict and planning for elections and other reconciliation efforts, a safe and unrestricted repatriation of Cambodian refugees and displaced persons presently housed in Thailand, and the provision of humanitarian assistance within Cambodia for the purpose of easing the integration of the various factions in their homeland.

DISADVANTAGED ENTERPRISES

The Committee has revised Section 567, regarding use of disadvantaged enterprises in AID programs. The provision is discussed earlier in this report under AID operating expenses.

STINGERS IN THE PERSIAN GULF REGION

The Committee has revised Section 568, regarding the prohibition of the sale of Stingers in the Persian Gulf Region, to cross-reference the fiscal year 1990 provision on Stingers for Bahrain.

DEBT FOR DEVELOPMENT

The Committee has again included a provision, Section 571, on Debt for Development.

The Committee strongly supports AID's Debt-for-Development initiative in which bilateral assistance funds are stretched through use of debt swaps for development purposes. A recent survey of seven major United States banks indicates that they have participated in over $132,000,000 debt-for-development swaps including $26 million in debt-for-nature.

As part of this commitment to the constructive use of debt, AID has supported The Debt-for-Development Coalition, composed of U.S. colleges and universities, cooperatives, research institutions and private and voluntary organizations. The Coalition works closely with environmental groups, in particular for undertaking comprehensive programs for nature parks and economic development

activities near the parks to help preserve them. The Coalition has worked with highly indebted Third World governments to put in place regulations and policies and to provide technical assistance to local nongovernmental organizations for facilitating debt swaps. Through these efforts, for example, Ecuador has just completed two major debt conversions: a $4,900,000 debt-for-health swap by the World Mercy Fund and a $3,500,000 swap for sustainable agriculture through CARE.

Last year and again this year, the Committee has adopted a general provision which eases a major bottleneck to the use of AID funds for debt swaps. The provision allows interest on such funds to be used by nongovernment organizations for bonds and endowments, often necessary in debt conversions. This clarifies a technical issue which has been an impediment to these types of transactions.

The Committee expects that AID and other United States government agencies that provide funds for educational, cultural or developmental activities will expand their use of the debt-for-development mechanism with a particular focus on integrated environmental and sustainable agricultural projects. The Committee believes that this approach is particularly appropriate to protect rain forests in the Amazon and Central America.

The Committee believes that the debt-for-development initiative offers a unique opportunity to create permanent linkages by financing endowed, binational, private sector foundations focused on the critical problem areas identified above. The agency is expected to utilize funds to create institutions in countries, with the bulk of the funds being leveraged through a debt swap and the local currency, where possible, financing an endowment fund which will generate earnings to finance long-term collaborative activities.

LEBANON

The Committee has revised Section 572 on Lebanon to delete the earmark but to continue to allow aid to Lebanon subject to the same authorities as in prior years.

LOCATION OF STOCKPILES

The Committee has revised Section 573 on location of stockpiles to increase the value of additions to stockpiles in foreign countries. This action would permit additions after the effective date of this Act to stockpiles in the Republic of Korea, Thailand, NATO countries, or major non-NATO allies located outside the boundaries of a U.S. military base used primarily by the United States. The value of such additions shall not exceed $178,000,000 during fiscal year 1991.

ASSISTANCE FOR PAKISTAN

The Committee has revised Section 574 on assistance for Pakistan to extend for another year an existing waiver for aid to Pakistan.

ELIGIBILITY FOR OVERSEAS PRIVATE INVESTMENT CORPORATION

The Committee has revised Section 576 on OPIC eligibility to permit OPIC programs for Czechoslovakia.

ASSISTANCE FOR NICARAGUA

The Committee has added a new Section 577 prohibiting assistance for any member of the Nicaraguan resistance who has not disarmed and is not abiding by the terms of the cease-fire agreement and the addendums to the Toncontin Agreement of April 19, 1990. The section also amends P.L. 101-215 to permit certain humanitarian aid to be provided within Nicaragua.

COMPENSATION FOR UNITED STATES EXECUTIVE DIRECTORS TO INTERNATIONAL FINANCIAL INSTITUTIONS

The Committee has added a new Section 578, based on provisions contained in prior appropriations Acts, concerning the maximum compensation for United States Executive Directors to International Financial Institutions.

WITHHOLDING OF OBLIGATIONS FOR THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Committee has added a new Section 579 to require certain agreement, prior to the obligation of funds for the EBRD, concerning Poland's debt. This provision is discussed earlier in the report.

FMF FOR FMS DEBT REPAYMENT

The Committee has added a new Section 580 which amends the Arms Export Control Act to permit the use of funds made available under section 23 of that Act for payments of principal and interest which a country owes to the United States on account of credits previously extended under section 23 of the Act or loans previously guaranteed under section 24 of the AECA.

CASH FLOW FINANCING LIMITATION

The Committee has added a new Section 581 which would limit, effective October 1, 1993, cash flow financing under the Foreign Military Financing program to no more than 75 percent allocated to each country.

Comparison With Budget Resolution

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), as amended, requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 302 of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

[In millions of dollars]

	302(b)		This bill	
	Discretionary	Mandatory	Discretionary	Mandatory
Budget authority	15,100	675	15,100	675
Outlays	13,200	675	13,200	675
Direct loans	1,195	.....	1,195	.....
Primary guarantees	6,955	.....	6,955	.....

Five-Year Projection of Outlays

In accordance with section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344) as amended, the following table contains five-year projections of the outlays associated with the budget authority in the accompanying bill:

Budget authority	$15,775,377,000
Outlays:	
1991	6,267,198,000
1992	2,902,022,000
1993	2,840,732,000
1994	1,441,560,000
1995 and future years	536,581,000

Assistance to State and Local Governments

Section 308(a)(1)(D) of the Congressional Budget Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a statement of the new budget authority and budget outlays provided by that bill or resolution for financial assistance to State and local governments.

The amounts recommended in the accompanying bill contain no budget authority or budget outlays for State or local governments.

Transfer of Funds

Montreal Protocol Facilities Fund.—The bill allows for $10,000,000 for the Montreal Protocol Facilities Fund to be made available to the Department of State, Bureau for Oceans, International Environment and Scientific Affairs to be derived by transfer from the Agency for International Development's Private Sector, Energy and Environment Account.

Inflationary Impact Statement

Clause 2(l)(4) of Rule XI of the House of Representatives requires that each committee report on a bill or resolution shall contain a statement as to whether enactment of the bill or resolution would have an inflationary impact on prices and costs in the operations of the national economy.

Practically any spending by the U.S. Government can be inflationary when Government financial policy does not provide for adequate income to cover that total spending effort such as is the case

now with the budget of the United States, which is not projected to be in balance this year.

The total amount of new budget authority recommended in the accompanying bill for fiscal year 1990 will have little inflationary impact.

Changes in the Application of Existing Law

Pursuant to Clause 3, Rule XXI of the House of Representatives, the following statements are submitted describing the effects of provisions in the accompanying bill which directly or indirectly change the application of existing law. Most of the language has been provided in previous appropriation measures including supplements for the departments and agencies carried in the accompanying bill.

1. The bill contains appropriations for a number of items for which authorizations for fiscal year 1991 have not yet been enacted. The Committee is disturbed by the lack of authorization for programs in the bill. We strongly believe that authorization acts should be in place prior to the passage of appropriations bills. The bill requires that none of the funds appropriated in the bill may be obligated until authorizations have been enacted into law.

2. The bill provides that a few of the appropriations shall remain available for obligation beyond the current fiscal year. In all cases it is deemed desirable to carry such language in order to provide for orderly administration of such programs and effective use of funds. Also, the bill does not allow some of the funds to remain available until expended as provided for in the authorizing legislation.

3. The bill contains a number of general provisions and other language which have been carried in the bill in past years.

4. In many cases, the Committee has recommended reduction in the amounts proposed to be authorized for the various foreign aid programs in the current version of the House passed authorization.

5. On page 2, under "Contribution to the International Development Association", the Committee has imposed certain restrictions relative to withholding the obligation of funds and has inserted a requirement for Presidential certification prior to obligation of these funds.

6. On page 5 under "Contribution to the European Bank for Reconstruction and Development", the Committee has provided $70,020,600 in paid in capital and $163,381,400 in callable capital subject to authorization.

7. On pages 6, 7, 8, under "International Organizations and Programs", the Committee has earmarked specific levels of funding for all programs. In addition, the bill requires that all funds earmarked for UNICEF be obligated in a specific timeframe and requires that funds for IAEA may be provided only if Israel is not being denied its right to participate in activities of that agency.

8. On pages 8 through 12 under the Bilateral Economic Assistance accounts, the Committee has included specific funding levels for each of the functional accounts. The Committee has also included prior year references to or earmarks within the functional accounts for dairy development projects, the Vitamin A deficiency

program, the Associate Professional Officers program, the River Blindness program, the Gorgas Memorial Institute, WHO, the Caribbean Law Institute, the North-South Center Soviet and East European Research and Training, the Cooperative Development Program, the Central American Rural Electrification project, environment activities, elephant conservation, the Office of Energy and the Bureau of Labor Statistics. Funds for the North-South Center are to be used in accordance with the Center for Cultural and Technical Interchange between North and South Act of 1990.

9. On pages 12 and 13, under Sub-Saharan Africa, Development Assistance the Committee has provided that authorities of the fiscal year 1989 Appropriations Act apply until superseded by enactment of new authorization legislation for fiscal year 1991.

10. On page 13, under "Zaire" the Committee has required funding through private voluntary organizations.

11. On page 13, under "Assistance for Displaced Children", the Committee has earmarked $5,000,000 for children who have become orphaned as a result of drought, civil strife and other natural and man-made disaster.

12. On page 14, under "Humanitarian Assistance for Cambodian Children", the Committee has earmarked $5,000,000 for humanitarian assistance through international relief agencies, provided that no funding be made available for the Khmer Rouge.

13. On page 14 under "Assistance for Victims of War", the Committee has earmarked $5,000,000 for victims of war.

14. On page 14, under "Women in Development", the Committee has earmarked $5,000,000 to promote the involvement of women in development, of which $3,000,000 is matching funds for AID field missions.

15. On page 16, under "Appropriate Technology", the Committee has earmarked $2,000,000 for Appropriate Technology International.

16. On page 17, under "Operating Expenses of the Agency for International Development", the Committee has limited funds for Foreign Affairs Administrative Support.

17. On page 18, under "Housing and Other Credit Guaranty Programs", the Committee requires 100 percent guarantee of loan principal and interest, and prohibits the Federal Financing Bank from issuing any HIG loans. The Committee has also extended the authorization for the program by one year, and has waived per country limitations for Chile and Poland.

18. On pages 19, 20, 21, and 22, under the heading, "Economic Support Fund", the Committee has earmarked funds for Israel, Egypt, West Bank and Gaza, Jordan, Cyprus. The Committee has referenced the El Salvadoran Special Investigative Unit. The Committee has limited funds for tied-aid credits. The Committee updated section 534(e) of the Foreign Assistance Act of 1961 and has provided a permissive earmark for Debt for Development in Mexico.

19. On pages 22 and 23, under "International Fund for Ireland", the Committee has provided $20 million, to be expended at a minimum rate, available until expended.

20. On page 23, under the heading "Multilateral Assistance Initiative for the Philippines", the Committee provided 75 percent for project assistance, a target of $20,000,000 for private and voluntary

activities, and all funds available until September 30, 1992 through the notification process.

21. On page 23-25, under "Assistance for Eastern Europe" the Committee has designated six funding categories for the use of these funds, provided authority for reallocation through the notification process, and limited expenditure rates for certain categories.

22. On pages 27, 28 and 29, under the heading "Migration and Refugee Assistance", the Committee has amended the fiscal year 1988 and 1989 appropriations acts relative to the immigration of Amerasians and has provided for several earmarks.

23. On pages 30, 31, 32, 33, and 34 under the heading, "Foreign Military Financing Program", the Committee has earmarked funds for Israel, Egypt, and Jordan. The Committee has provided Greece and Turkey in a 7 to 10 ratio. The Committee has made all previously obligated uncommitted Philippine funds available for use until January 1, 1991. The Committee has increased the amount of Israeli offshore procurement, increased the amount required for loans, limited funds for Guatemala, Greece, Turkey, and Portugal, prohibited funds for Zaire, Sudan, or Somalia, reduced the amount available for non government to government procurement, conditioned funds to Haiti, and provided a limitation on administrative expenses.

24. On page 34, under the heading, "Foreign Military Sales Debt Reform", the Committee has extended the prior provision for another year.

25. On pages 37 and 38, under the heading, "Limitation on Program Activity", the Committee provided for tied aid credits and interest subsidy funding for the Export-Import Bank subject to authorization, available for two years.

On pages 40 through 111.

Sec. 512 has been revised to delete reference to South Yemen and to delete authority for the President to waive this provision as it applies to the Export-Import Bank.

Sec. 517 has been revised to reflect new terms of availability.

Sec. 521 has been revised to incorporate current sections regarding financing of commodities which may be in competition with United States exports or production.

Sec. 523 has been revised to provide additional clarification on economic and military notifications.

Sec. 526 has been revised to delete reference to the Southwest Africa People's Organization.

Sec. 531 is a new section conditioning military aid to El Salvador.

Sec. 533 on Environmental Concerns is a complete revision of Sec. 533 of last year's bill as discussed earlier in the report.

Sec. 534 is a new section directing funding for the Montreal Protocol on Substances that Deplete the Ozone Layer.

Sec. 536 has been revised to indicate that the President may provide $70,000,000 in economic and military assistance to the Afghan people.

Sec. 538 has been revised relating to the investigation of murders in El Salvador, in order to add additional cases to the provision.

Sec. 541 has been revised to require the notification of economic and military programs for Sudan, Liberia, Somalia, Zaire, Lebanon, Chile, Haiti, and Yemen.

Sec. 543 has been revised to increase funding for certain personnel to address child survival and AIDS problems.

Sec. 544 has been revised to include and extend the waiver of restrictions on aid to Chile for certain activities.

Sec. 545 has been revised to delete reference to South Yemen.

Sec. 546 updates last year's bill by changing the effective date.

Sec. 547 has been revised to establish a $100 million aggregate on the exercise of authority of draw-down authority.

Sec. 548 expands the notification requirement on excess defense equipment.

Sec. 549 updates last year's requirement for authorization of funds appropriated.

Sec. 550 has been revised to apply Congressional notification procedures to Paris Club reschedulings.

Sec. 551 has been revised in order to update and alter this provision.

Sec. 558 has been revised to provide that up to $10 million may be available for scholarships for disadvantaged South Africans.

Sec. 559 relating to narcotics control assistance has been revised as discussed earlier in this report.

Sec. 562 updates last year's bill relating to Cambodia.

Sec. 567 updates last year's bill relating to disadvantaged enterprises.

Sec. 573 updates Sec. 587 of last year's bill to increase the value of additions to stockpiles in foreign countries.

Sec. 574 updates last year's Sec. 591 by extending the waivers of Sec. 620E(d) of the Foreign Assistance Act by one year.

Sec. 576 updates Sec. 597 of last year's bill by including Czechoslovakia.

Sec. 577 is a new section prohibiting funds to any member of the Nicaraguan resistance who has not demobilized and allowing certain existing funds to be made available for children's programs.

Sec. 578 is a new section regulating salaries of U.S. Executive Directors to multilateral banks.

Sec. 579 is a new section requiring certain agreement prior to the obligation of funds for the European Bank for Reconstruction Development.

Sec. 580 is a new section related to use of FMF for debt repayment.

Sec. 581 is a new section regulating cash flow financing of FMF funds.

COMPLIANCE WITH RULE XIII—CLAUSE 3

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omit-

ted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HOUSING AND OTHER CREDIT GUARANTY PROGRAMS

The accompanying bill would amend section 222 (a) of the Foreign Assistance Act of 1961, as follows:

SEC. 222. AUTHORIZATION.—(a) To carry out the policy of section 221, the President is authorized to issue guaranties to eligible investors (as defined in section 238(c)) assuring against losses incurred in connection with loans made for projects meeting the criteria set forth in section 221. The total principal amount of guaranties issued under this title or heretofore issued under prior housing guaranty authorities, which are outstanding at any one time, shall not exceed $2,158,000,000. The authority of this section shall continue through [September 30, 1991] *September 30, 1992.* The President may issue regulations from time to time with regard to the terms and conditions upon which such guaranties shall be issued and the eligibility of lenders.

ADMINISTRATION OF JUSTICE

The accompanying bill would amend section 534(e) of the Foriegn Assistance Act of 1961, as follows:

SEC. 534. ADMINISTRATION OF JUSTICE.—The President may furnish assistance under this chapter to countries and organizations, including national and regional institutions, in order to strengthen the administration of justice in countries in Latin America and the Caribbean.

* * * * * * *

(e) Personnel of the Department of Defense and members of the United States Armed Forces may not participate in the provision of training under this section. Of the funds made available to carry out this section, not more than $7,000,000 may be made available in [fiscal year 1990] *fiscal year 1991* to carry out the provisions of subsection (b)(3) of this section. The authority of this section shall expire on [September 30, 1990] *September 30, 1991.*

MIGRATION AND REFUGEE ASSISTANCE

The accompanying bill would amend section 584(a)(1)(B) of the Foreign Operations Export Financing and Related Programs Approporiations Act, 1988 (as contained in section 101(e) of Public Law 100-202, as follows:

SEC. 584. (a)(1) Notwithstanding any numerical limitations specified in the Immigration and Nationality Act, the Attorney General may admit aliens described in subsection (b) to the United States as immigrants if—

(A) they are admissible (except as otherwise provided in paragraph (2)) as immigrants, and

(B) they are issued an immigrant visa and depart from Vietnam [during the period beginning on March 22, 1988, and ending on september 30, 1990] *on or after March 22, 1988.*

* * * * * * *

(b)(1) An alien described in this section is an alien who, as of the date of the enactment of this Act, is residing in Vietnam and who establishes to the satisfaction of a consular officer or an officer of the Immigration and Naturalization Service after a face-to-face interview, that the alien—

(A)(i) was born in Vietnam after January 1, 1962, and before January 1, 1976, and (ii) was fathered by a citizen of the United States (such an alien in this section referred to as a "principal alien");

(B) is the spouse or child of a principal alien and is accompanying, or following to join, the principal alien; or

(C) subject to paragraph (2), either (i) is the principal alien's natural mother (or is the spouse or child of such mother) or (ii) has acted in effect as the principal alien's mother, father or next-of-kin (or is the spouse or child of such an alien), and is accompanying, or following to join, the principal alien.

(2) An immigrant visa may not be issued to an alien under paragraph (1)(C) unless [the principal alien involved is unmarried and] the officer referred to in paragraph (1) has determined, in the officer's discretion, that (A) such an alien has a bona fide relationship with the principal alien similar to that which exists between close family members and (B) the admission of such an alien is necessary for humanitarian purposes or to assure family unity. If an alien described in paragraph (1)(C)(ii) is admitted to the United States, the natural mother of the principal involved shall not, thereafter, be accorded any right, privilege, or status under the Immigration and Nationality Act by virtue of such parentage.

The accompanying bill would also amend "Migration and Refugee Assistance" within the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989, as follows:

For expenses, not otherwise provided for, necessary to enable the Secretary of State to provide, as authorized by law, a contribution to the International Committee of the Red Cross and assistance to refugees, including contributions to the Intergovernmental Committee for Migration and the United Nations High Commissioner for Refugees; salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1980; allowances as authorized by sections 5921 through 5925 of title 5, United States Code; hire of passenger motor vehicles; and services as authorized by section 3109 of title 5, United States Code; $361,950,000: *Provided,* That not less than $28,000,000 shall be available for Soviet, Eastern European and other refugees resettling in Israel: *Provided further,* That funds appropriated under this heading shall be administered in a manner that ensures equity in the treatment of all refugees receiving Federal assistance: *Provided further,* That no funds herein appropriated shall be used to assist directly in the migration to any nation in the Western Hemisphere of any person not having a security clearance based on reasonable standards to ensure against Communist infiltration in the Western Hemisphere *Provided further,* That of the funds appropriated under this heading not less than $140,000,000 shall be made available for the refugee admissions program, including AIDS screening, of which (1) not less than $46,000,000 shall be made available for first asylum refugees from East Asia and, (2) not less than $15,000,000 shall be

available for costs of the expedited resettlement of Vietnamese Amerasians and their family members eligible for refugee benefits: *Provided further,* That of the funds appropriated under this heading not less than $20,000,000 shall be made available to the United Nations High Commissioner for Refugees for assistance for Afghan refugees: *Provided further,* That of the funds appropriated under this heading not less than $1,500,000 shall be made available for a Thailand-Cambodia border refugee protection program: *Provided further,* That of the funds appropriated under this heading not less than $1,500,000 shall be made available for the anti-piracy program, none of which funds may be used by any government to deny asylum to individuals seeking asylum: *Provided further,* That of the funds appropriated under this heading not less than $1,500,000 shall be made available for a Thailand border refugee education program: *Provided further,* That the provisions of subsection (c) of section 584 of the Foreign Operations Export Financing, and Related Programs Appropriations Act, 1988, as contained in section 101(e) of Public Law 100-202, shall apply to an individual who (1) departs from Vietnam after the date of the enactment of this Act [and before the end of the period described in subsection (a)(1)(B) of such section], and (2) is described in subsection (b) of such section, but who is issued an immigrant visa under section 201(b) or 203(a) of the Immigration and Nationality Act (rather than under subsection (a) of such section), or would be described in subsection (b) of such section if such section also applied to principal aliens who were citizens of the United States (rather than merely to aliens): *Provided further,* That not more than $8,000,000 of the funds appropriated under this heading shall be available for the administrative expenses of the Office of Refugee Programs of the Department of State.

TRADE CREDIT INSURANCE PROGRAM

The accompanying bill would amend section 224(c) of the Foreign Assistance Act of 1961, as follows:

SEC. 224. TRADE CREDIT INSURANCE PROGRAM FOR CENTRAL AMERICA.—(a) In order to enable the Export-Import Bank of the United States (hereafter in this section referred to as the "Bank") to determine that there exists reasonable assurance of repayment as required under section 2(b)(1)(B) of the Export-Import Bank Act of 1945,[159] the agency primarily responsible for administering part I of this Act (hereafter in this section referred to as the "Agency") is authorized to provide guarantees to the Bank for liabilities to be incurred by the Bank in connection with guarantees or insurance provided under the Export-Import Bank Act of 1945 for financing for transactions involving the export of goods and services for the use of the private sector in Central American countries.

* * * * * * *

(c) The Agency shall not enter into any commitments to guarantee under subsection (a) after [September 30, 1990] *September 30, 1991.*

RECIPROCAL LEASING

The accompanying bill would amend section 61(a) of the Arms Export Control Act or extend the leasing authority of that section through FY 1991, as follows:

SEC. 61. LEASING AUTHORITY.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

(2) he determines that the articles are not for the time needed for public use; and

(3) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) if the articles are lost or destroyed while leased.

The requirement of paragraph (3) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

The President may waive the requirement of paragraph (3) with respect to a lease which is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense, except that this waiver authority—

(A) may be exercised only if the President submits to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate, in accordance with the regular notification procedures of those Committees, a detailed notification for each lease with respect to which the authority is exercised; and

(B) may be exercised only during the fiscal year [1990] *1991* and only with respect to one country, unless the Congress hereafter provides otherwise

SPECIAL DRAWDOWN AUTHORITY

The accompanying bill would amend section 506(a) of the Foreign Assistance Act of 1961, as follows:

SEC. 506. SPECIAL AUTHORITY.—(a)(1) If the President determines and reports to the Congress in accordance with section 652 of this Act that—

(A) an unforseen emergency exists which requires immediate military assistance to a foreign country or international organization; and

(B) the emergency requirement cannot be met under the authority of the Arms Export Control Act or any other law except this section;

he may direct, for the purposes of this part, the drawdown of defense articles from the stocks of the Department of Defense, de-

fense services of the Department of Defense, and military education and training, of an aggregate value of not to exceed $75,000,000 in any fiscal year.

* * * * * * *

(3) An aggregate value of not to exceed $100,000,000 in any fiscal year of defense articles, defense services, and military education and training may be provided pursuant to paragraphs (1) and (2) of this subsection.

ISRAELI-ARAB SCHOLARSHIPS

The accompanying bill would amend section 556(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990, as follows:

(b) Of the funds made available under the heading "Economic Support Fund", $5,000,000 shall be available only for a grant to assist in capitalizing an endowment whose income will be used for scholarships to enable Israeli Arabs to attend institutions of higher education in the United States: *Provided,* That such endowment and scholarship program shall be administered by an organization located in the United States: *Provided further,* That a grant may be made to capitalize such endowment only if private sector contributions of at least $5,000,000 have been made by [September 30, 1990] *July 31, 1991,* to assist in capitalizing the endowment; *Provided further,* That if the requirement for private sector contributions is not met, funds earmarked for the purpose of the endowment shall be reprogrammed within the Economic Support Fund account.

LOCATION OF STOCKPILES

The accompanying bill would amend section 514(b)(2) of the Foreign Assistance Act of 1961, as follows:

(b)(1) The value of defense articles to be set aside, earmarked, reserved, or intended for use as war reserve stocks for allied or other foreign countries (other than for purposes of the North Atlantic Treaty Organization) in stockpiles located in foreign countries may not exceed in any fiscal year an amount that is specified in security assistance authorizing legislation for that fiscal year.

(2) The value of such additions to stockpiles in foreign countries shall not exceed [$165,000,000 for fiscal year 1990] *$178,000,000 for fiscal year 1991.*

ASSISTANCE FOR PAKISTAN

The accompanying bill would amend section 620E(d) of the Foreign Assistance Act of 1961, as follows:

(d) The President may waive the prohibitions of section 669 of this Act at any time during the period beginning on the date of enactment of this section and ending on [April 1, 1991] *April 1, 1992,* to provide assistance to Pakistan during that period if he determines that to do so is in the national interest of the United States.

OPIC

The accompanying bill would amend section 239(f) of the Foreign Assistance Act of 1961, as follows:

(f) Except for the provisions of this title, no other provision of this or any other law shall be construed to prohibit the operation in Yugoslavia, Poland, Hungary, *Czechoslovakia,* or the People's Republic of China of the programs authorized by this title, if the President determines that the operation of such program in such country is important to the national interest.

CREDIT SALES

The accompanying bill would amend section 23 of the Arms Export Control Act, as follows:

SEC. 23. CREDIT SALES.—(a) The President is authorized to finance the procurement of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations, on such terms and conditions as he may determine consistent with the requirements of this section. Notwithstanding any other provision of law, and subject to the regular notification requirements of the Committees on Appropriations, the authority of this section may be used to provide financing to Israel and Egypt for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers, not including Major Defense Equipment (other than helicopters and other types of aircraft having possible civilian application), if the President determines that there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale under this Act.

* * * * * * *

(d) References in any law to credits extended under this section shall be deemed to include reference to participations in credits.

(e)(1) Funds made available to carry out this section may be used by a foreign country to make payments of principal and interest which it owes to the United States Government on account of credits previously extended under this section or loans previously guaranteed under section 24, subject to paragraph (2).

(2) Funds made available to carry out this section may not be used for prepayment of principal or interest pursuant to the authority of paragraph (1).

SURVIVAL ASSISTANCE

The accompanying bill would amend P.L. 101-215, as follows:

SECTION 1. SURVIVAL ASSISTANCE

(a) AUTHORIZATION.—The Agency for International Development shall use unobligated funds made available pursuant to section 8(a) of Public Law 100-276 to provide medical care and other relief for noncombatant victims of strife in Central America. Such assistance shall be used to make available prosthetic devices and rehabilitation, provide medicines and immunizations, assist burn victims, help orphans, and otherwise provide assistance for noncombatants who have been physically injured or displaced by civil strife in Cen-

tral America. Priority shall be given to those with the greatest needs for assistance.

(b) USE OF PVO'S AND INTERNATIONAL RELIEF ORGANIZATIONS.—Assistance pursuant to this section shall be provided only through nonpolitical private and voluntary organizations and international relief organizations. Preference in the distribution of such assistance shall be given to organizations presently providing similar services such as Catholic Relief Services, the International Committee of the Red Cross, CARE, the United Nations Children's Fund, the United Nations High Commission for Refugees, Partners of the Americas, and the Pan American Health Organization.

[(c) ASSISTANCE IN NICARAGUA.—Not more than one-half of the assistance provided under this section may be provided through nonpolitical private and voluntary organizations and international relief organizations operating inside Nicaragua. None of the assistance pursuant to this section may be provided to or through the Government of Nicaragua.]

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1991

Agency and item	New budget (obligational) authority appropriated, 1990 (enacted to date)	Budget estimates of new (obligational) authority, 1991	New budget (obligational) authority recommended in bill	Bill compared with new budget (obligational) authority, 1990	Bill compared with budget estimates of new (obligational) authority, 1991
(1)	(2)	(3)	(4)	(5)	(6)
TITLE I - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Paid-in capital	49,785,792	110,592,409	50,000,795	+215,003	-60,591,614
(Limitation on callable capital)	*(1,609,671,408)*	*(2,899,610,241)*	*(1,619,692,365)*	*(+10,020,957)*	*(-1,279,917,876)*
Total, contribution to the International Bank for Reconstruction and Development	*(1,659,457,200)*	*(3,010,202,650)*	*(1,669,693,160)*	*(+10,235,960)*	*(-1,340,509,490)*
Contribution to the International Development Association	960,850,500	1,064,149,500	1,064,149,500	+103,299,000	.....

Contribution to the International Finance Corporation	74,606,500	40,330,972	40,330,972	-34,275,528	.....
Total, contribution to the World Bank Group	*(2,694,914,200)*	*(4,114,683,122)*	*(2,774,173,632)*	*(+79,259,432)*	*(-1,340,509,490)*
Contribution to the Inter-American Development Bank:					
Fund for special operations	63,450,613	20,850,016	20,850,016	-42,600,597	.....
Inter-regional paid-in capital	31,482,026	57,449,324	57,449,324	+25,967,298	.....
(Limitation on callable capital)	.....	*(2,235,076,561)*	*(2,235,076,561)*	*(+2,235,076,561)*	.....
Inter-American Investment Corporation	.....	25,500,000	13,000,000	+13,000,000	-12,500,000
Total, contribution to the Inter-American Development Bank	*(94,932,639)*	*(2,338,875,901)*	*(2,326,375,901)*	*(+2,231,443,262)*	*(-12,500,000)*
Contribution to the Asian Development Bank:					
Development fund	174,972,914	301,809,050	243,900,000	+68,927,086	-57,909,050
Contribution to the African Development Fund	104,548,500	105,451,500	105,451,500	+903,000	.....
Contribution to the African Development Bank:					
Paid-in capital	9,492,851	10,135,766	10,135,766	+642,915	.....
(Limitation on callable capital)	*(134,229,932)*	*(135,389,294)*	*(135,389,294)*	*(+1,159,362)*	.....
Total, contribution to the African Development Bank	*(143,722,783)*	*(145,525,060)*	*(145,525,060)*	*(+1,802,277)*	.....

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1991--Continued

Agency and item	New budget (obligational) authority appropriated, 1990 (enacted to date)	Budget estimates of new (obligational) authority, 1991	New budget (obligational) authority recommended in bill	Bill compared with new budget (obligational) authority, 1990	Bill compared with budget estimates of new (obligational) authority, 1991
(1)	(2)	(3)	(4)	(5)	(6)
Contribution to the European Development Bank:					
Paid-in capital	.....	70,020,600	70,020,600	+70,020,600	.....
(Limitation on callable capital)	.....	*(163,381,400)*	*(163,381,400)*	*(+163,381,400)*	.....
Total, contribution to the European Development Bank	.....	*(233,402,000)*	*(233,402,000)*	*(+233,402,000)*	.....
IMF - Enhanced structural adjustment facility	139,398,000	10,602,000	10,602,000	-128,796,000	.....
Total, contribution to International Financial Institutions	*(3,352,489,036)*	*(7,250,348,633)*	*(5,839,430,093)*	*(+2,486,941,057)*	*(-1,410,918,540)*
Budget authority	1,608,587,696	1,816,891,137	1,685,890,473	+77,302,777	-131,000,664
(Limitation on callable capital)	*(1,743,901,340)*	*(5,433,457,496)*	*(4,153,539,620)*	*(+2,409,638,280)*	*(-1,279,917,876)*
Department of State					
International organizations and programs	225,845,505	218,750,000	248,750,000	+22,904,495	+30,000,000
International Fund for Agricultural Development	34,849,500	6,250,000	20,000,000	-14,849,500	+13,750,000
Total, title I, contribution for Multilateral Economic Assistance	*(3,613,184,041)*	*(7,475,348,633)*	*(6,108,180,093)*	*(+2,494,996,052)*	*(-1,367,168,540)*
Budget authority	1,869,282,701	2,041,891,137	1,954,640,473	+85,357,772	-87,250,664
(Limitation on callable capital)	*(1,743,901,340)*	*(5,433,457,496)*	*(4,153,539,620)*	*(+2,409,638,280)*	*(-1,279,917,876)*

TITLE II - BILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
Agency for International Development					
Agriculture, rural development, and nutrition, development assistance	481,635,025	424,520,000	481,635,000	-25	+57,115,000
Population, development assistance	216,170,904	193,191,000	250,000,000	+33,829,096	+56,809,000
Health, development assistance	134,995,874	115,465,000	135,000,000	+4,126	+19,535,000
International AIDS prevention and control program	41,239,240	38,200,000	52,000,000	+10,760,760	+13,800,000
Child Survival Fund	70,694,700	74,538,000	100,000,000	+29,305,300	+25,462,000
Education and human resources development, development assistance	131,988,894	134,201,000	134,201,000	+2,212,106	.....
Private sector, environmental, and energy, development assistance	151,774,995	144,223,000	152,223,000	+448,005	+8,000,000
Science and technology, development assistance	8,624,753	8,662,000	8,624,000	-753	-38,000
Development policy reform program	.....	75,000,000	.....	.....	-75,000,000
Private sector revolving fund:					
(By transfer)	*(4,978,500)*	.....	.....	*(-4,978,500)*	.....
(Limitation on direct loans)	*(3,484,950)*	.....	.....	*(-3,484,950)*	.....
(Limitation on guaranteed loans)	*(45,916,725)*	*(125,000,000)*	*(12,500,000)*	*(-33,416,725)*	*(-112,500,000)*
Subtotal, development assistance	1,237,124,385	1,208,000,000	1,313,683,000	+76,558,615	+105,683,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1991--Continued

Agency and item	New budget (obligational) authority appropriated, 1990 (enacted to date)	Budget estimates of new (obligational) authority, 1991	New budget (obligational) authority recommended in bill	Bill compared with new budget (obligational) authority, 1990	Bill compared with budget estimates of new (obligational) authority, 1991
(1)	(2)	(3)	(4)	(5)	(6)
Reappropriation (deobligation/reobligation) authority	39,000,000	23,000,000	23,000,000	-16,000,000	.....
Sub-Saharan Africa, development assistance	571,823,500	560,500,000	800,000,000	+228,176,500	+239,500,000
Total, development assistance	1,847,947,885	1,791,500,000	2,136,683,000	+288,735,115	+345,183,000
American schools and hospitals abroad	34,849,500	23,000,000	23,000,000	-11,849,500	.....
International disaster assistance	29,892,500	40,000,000	40,000,000	+10,107,500	.....
Payment to the Foreign Service Retirement and Disability Fund	40,147,000	40,341,000	40,341,000	+194,000	.....
Operating expenses of the Agency for International Development	429,043,900	447,794,000	435,000,000	+5,956,100	-12,794,000
Operating expenses of the Agency for International Development Office of the Inspector General	30,452,700	33,884,000	31,384,000	+931,300	-2,500,000
Housing and other credit guaranty programs:					
(Limitation on guaranteed loans)	*(499,570,000)*	*(100,000,000)*	*(150,000,000)*	*(-349,570,000)*	*(+50,000,000)*
Guaranty reserve, indefinite borrowing authority	45,000,000	48,000,000	48,000,000	+3,000,000	.....
Subtotal, Agency for International Development	2,457,333,485	2,424,519,000	2,754,408,000	+297,074,515	+329,889,000
Economic support fund	3,946,218,500	3,544,000,000	3,460,000,000	-486,218,500	-84,000,000
Reappropriation (deobligation/reobligation) authority (sec. 515)	18,000,000	14,000,000	14,000,000	-4,000,000	.....

Rescission (sec. 589)	-50,000,000	.....	.....	+50,000,000	.....
Subtotal, Economic support fund	3,914,218,500	3,558,000,000	3,474,000,000	-440,218,500	-84,000,000
International fund for Ireland	19,769,000	.....	20,000,000	+231,000	+20,000,000
Special assistance initiatives:					
Philippines	159,312,000	200,000,000	160,000,000	+688,000	-40,000,000
Other - Eastern Europe	.....	229,979,400	418,675,000	+418,675,000	+188,695,600
Subtotal, SAI	159,312,000	429,979,400	578,675,000	+419,363,000	+148,695,600
Total, ESF/AIA/SAI	4,093,299,500	3,987,979,400	4,072,675,000	-20,624,500	+84,695,600
Total, Agency for International Development	6,550,632,985	6,412,498,400	6,827,083,000	+276,450,015	+414,584,600
Independent Agencies					
African Development Foundation					
Appropriations	8,846,300	11,500,000	13,000,000	+4,153,700	+1,500,000
Inter-American Foundation					
Appropriations	16,859,192	16,941,000	25,000,000	+8,140,808	+8,059,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1991--Continued

Agency and item	New budget (obligational) authority appropriated, 1990 (enacted to date)	Budget estimates of new (obligational) authority, 1991	New budget (obligational) authority recommended in bill	Bill compared with new budget (obligational) authority, 1990	Bill compared with budget estimates of new (obligational) authority, 1991
(1)	(2)	(3)	(4)	(5)	(6)
Overseas Private Investment Corporation					
(Limitation on direct loans)	*(19,914,000)*	*(23,000,000)*	*(40,000,000)*	*(+20,086,000)*	*(+17,000,000)*
(Limitation on guaranteed loans)	*(211,537,500)*	*(185,000,000)*	*(250,000,000)*	*(+38,462,500)*	*(+65,000,000)*
Total, Funds Appropriated to the President	6,576,338,477	6,440,939,400	6,865,083,000	+288,744,523	+424,143,600
Peace Corps					
Appropriations	165,648,960	181,061,000	186,000,000	+20,351,040	+4,939,000
Department of State					
International narcotics control	113,040,500	150,000,000	150,000,000	+36,959,500	.....
Migration and refugee assistance	443,409,000	450,648,000	485,648,000	+42,239,000	+35,000,000
United States Emergency Refugee and Migration Assistance Fund	74,785,000	25,000,000	35,000,000	-39,785,000	+10,000,000
Anti-terrorism assistance	9,973,927	12,026,000	12,026,000	+2,052,073	.....
Total, Department of State	641,208,427	637,674,000	682,674,000	+41,465,573	+45,000,000
Total, title II, Bilateral economic assistance: New budget (obligational) authority	7,383,195,864	7,259,674,400	7,733,757,000	+350,561,136	+474,082,600

(Limitation on direct loans)	*(23,398,950)*	*(23,000,000)*	*(40,000,000)*	*(+16,601,050)*	*(+17,000,000)*
(Limitation on guaranteed loans)	*(757,024,225)*	*(410,000,000)*	*(412,500,000)*	*(-344,524,225)*	*(+2,500,000)*
TITLE III - MILITARY ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Military Education and Training	47,196,180	50,500,000	47,196,000	-180	-3,304,000
Foreign Military Financing Program:					
Grants	4,258,347,256	4,988,900,000	4,202,000,000	-56,347,256	-786,900,000
Concessional loans	406,000,000	.....	405,000,000	-1,000,000	+405,000,000
Military assistance administration	38,832,300	28,000,000	27,920,800	-10,911,500	-79,200
Subtotal, Foreign military financing program	4,703,179,556	5,016,900,000	4,634,920,800	-68,258,756	-381,979,200
Counter Narcotics Program	124,462,500	.....	.....	-124,462,500	.....
Total, Foreign military assistance	4,827,642,056	5,016,900,000	4,634,920,800	-192,721,256	-381,979,200
Guarantee Reserve Fund	719,545,000	587,061,000	587,061,000	-132,484,000	.....
Special Defense Acquisition Fund (limitation on obligations)	*(278,796,000)*	*(325,000,000)*	*(278,796,000)*	.....	*(-46,204,000)*

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1991--Continued

Agency and item	New budget (obligational) authority appropriated, 1990 (enacted to date)	Budget estimates of new (obligational) authority, 1991	New budget (obligational) authority recommended in bill	Bill compared with new budget (obligational) authority, 1990	Bill compared with budget estimates of new (obligational) authority, 1991
(1)	(2)	(3)	(4)	(5)	(6)
Peacekeeping operations	32,773,479	32,800,000	32,800,000	+26,521	.....
Total, title III, Military assistance programs:					
New budget (obligational) authority	5,627,156,715	5,687,261,000	5,301,977,800	-325,178,915	-385,283,200
(Limitation on obligations)	*(278,796,000)*	*(325,000,000)*	*(278,796,000)*	.....	*(-46,204,000)*
TITLE IV - EXPORT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Limitation of Program Activity:					
New budget (obligational) authority	612,355,500	500,000,000	750,000,000	+137,644,500	+250,000,000
(Limitation on direct loans)	*(612,355,500)*	*(500,000,000)*	*(750,000,000)*	*(+137,644,500)*	*(+250,000,000)*
(Tied aid grants)	*(109,527,000)*	*(114,000,000)*	*(150,000,000)*	*(+40,473,000)*	*(+36,000,000)*
(Interest equalization program)	*(19,914,000)*	.....	*(8,000,000)*	*(-11,914,000)*	*(+8,000,000)*
(Limitation on medium-term financing program)	*(215,000,000)*	.....	.....	*(-215,000,000)*	.....
(Limitation on guaranteed loans)	*(10,191,407,800)*	*(10,599,064,000)*	*(10,599,064,000)*	*(+407,656,200)*	.....
(Limitation on administrative expenses)	*(21,905,400)*	*(23,171,000)*	*(23,171,000)*	*(+1,265,600)*	.....
Total, Export-Import Bank of the United States:					
New budget (obligational) authority	612,355,500	500,000,000	750,000,000	+137,644,500	+250,000,000
(Limitation on use of corporate funds)	*(11,150,195,700)*	*(11,236,235,000)*	*(11,522,235,000)*	*(+372,039,300)*	*(+286,000,000)*

FUNDS APPROPRIATED TO THE PRESIDENT					
Trade and Development Program					
Trade and development	31,499,400	30,000,000	35,000,000	+3,500,600	+5,000,000
Agency for International Development					
Trade credit insurance program (limitation on program activity)	*(398,280,000)*	*(400,000,000)*	*(400,000,000)*	*(+1,720,000)*	.....
Total, title IV, Export assistance:					
New budget (obligational) authority	643,854,900	530,000,000	785,000,000	+141,145,100	+255,000,000
(Limitation on direct loans)	*(612,355,500)*	*(500,000,000)*	*(750,000,000)*	*(+137,644,500)*	*(+250,000,000)*
(Limitation on guaranteed loans)	*(10,515,934,800)*	*(10,713,064,000)*	*(10,749,064,000)*	*(+233,129,200)*	*(+36,000,000)*
(Limitation on administrative expenses)	*(21,905,400)*	*(23,171,000)*	*(23,171,000)*	*(+1,265,600)*	.....
(Limitation on program activity)	*(398,280,000)*	*(400,000,000)*	*(400,000,000)*	*(+1,720,000)*	.....
Grand total, all titles:					
New budget (obligational) authority	15,523,490,180	15,518,826,537	15,775,375,273	+251,885,093	+256,548,736
(Limitation on obligations)	*(278,796,000)*	*(325,000,000)*	*(278,796,000)*	.....	*(-46,204,000)*
(Limitation on guaranteed loans)	*(11,272,959,025)*	*(11,123,064,000)*	*(11,161,564,000)*	*(-111,395,025)*	*(+38,500,000)*
(Limitation on direct loans)	*(635,754,450)*	*(523,000,000)*	*(790,000,000)*	*(+154,245,550)*	*(+267,000,000)*
(Limitation on callable capital)	*(1,743,901,340)*	*(5,433,457,496)*	*(4,153,539,620)*	*(+2,409,638,280)*	*(-1,279,917,876)*
(Limitation on administrative expenses)	*(21,905,400)*	*(23,171,000)*	*(23,171,000)*	*(+1,265,600)*	.....
(Limitation on program activity)	*(398,280,000)*	*(400,000,000)*	*(400,000,000)*	*(+1,720,000)*	.....